

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8 p.m., Tuesday, May 18, 1976

COMMITTEE OF SUPPLY - TOURISM

MR. CHAIRMAN: Resolution 109(a)--pass. Resolved that there be granted to Her Majesty a sum not exceeding \$1,797,500 for Tourism, Recreation and Cultural Affairs. That completes the Department of Tourism, Recreation and Cultural Affairs.

COMMITTEE OF SUPPLY - CO-OPERATIVE DEVELOPMENT

MR. CHAIRMAN: I now refer honourable members to Page 18, Co-operative Development. Resolution 43, Administration: Minister's Compensation and Salary Allowance. The Honourable Minister of Co-operative Development.

MR. TOUPIN: Mr. Chairman, honourable members will have to attempt to bear with me, I've caught some sort of a bug so the Minister of Education and Colleges and Universities is allowed to move a couple of seats back.

It's my pleasure, Mr. Chairman, to table the 1976-77 Estimates of the Department of Co-operative Development. In my view, encouragement of co-operative endeavours is becoming increasingly important to the future of our society. As Thomas Carlyle too aptly expressed, "We must some day, at last and forever, cross the line between nonsense and common sense and on that day we shall pass from class paternalism to human brotherhood, from competition in individualism to individuality in co-operation."

MR. CHAIRMAN: Order please.

MR. TOUPIN: Mr. Chairman, it is becoming most increasingly clear that co-operative solutions can go a long way towards curing many of the ills of society which have been brought about through the growing concentration of wealth and economic power. In the words of another famous co-operator and Canadian, Father Moses M. Coady, and I quote, "The co-operative technique is the people's ticket to the great economic show, it is the people's way of getting into business and it is the people's way of practising that much lauded thing, private enterprise. To oppose such a procedure on the part of the people is to cut the ground from underneath the feet of all those who believe in private enterprise, freedom, and initiative."

And so, Mr. Chairman, I would expect very little criticism from my friends opposite. The only criticism I might expect to hear is that the government is not doing enough to encourage co-operative development.

In fact we would like to be able to do a great deal more than our limited resources will allow. When you consider that over 50 percent of the labour force is reflected in co-operative and credit union membership, the Estimates of the department appear to be very modest indeed. In line with the government's intent to hold back on spending, the \$1.4 million allocated toward the department reflects a consolidation and refinement of existing programs rather than a major expansion of activity. This is not intended to lessen the role of the department in economic and co-operative development in Manitoba. Despite the judicious increases in departmental spending, the department will continue to provide the services of information, incorporation, legislation, interpretation, management consultation, accounting and auditing normally provided, as well as embark on several new and exciting areas of co-operative development activity.

Although the first co-op legislation appeared in Manitoba in 1887, it was not until 1949 that an agency was established within government to deal with co-ops. The Co-operative Services Branch was established that year, within the Department of Agriculture, to register co-operatives and credit unions and to regulate their activities. While it was a start, this activity was not active encouragement of co-operative enterprise. There was no program of assistance in the establishment of co-operatives through the 1950's, as well into the 60's.

Despite the apparent indifference on the part of government toward co-operatives, co-operatives have sprung up and were flourishing in the consumer, agricultural marketing, and financial sectors. In the early 1960's incorporations began to flow in as well

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(MR. TOUPIN cont'd)from remote northern communities. The extent of government support for these groups was minimal. While they received some assistance in incorporating, they received no management advice, training assistance, and no financial assistance whatsoever. Being so remote, the early problems faced by these co-operatives were great indeed. Finally after a great deal of pressure from northern groups, the government responded by hiring the first co-operative supervisor in 1966. In 1967, one more co-op supervisor was added in response to the overwhelming need for government assistance in the establishment of co-operatives in remote communities.

When this government took office in 1969, Mr. Chairman, the budget of Co-op and Credit Union Services Branch was \$218,000. Today the Estimates of the Department of Co-operative Development are \$1,458,900. In 1971, the Co-operative Services Branch was elevated into a full-fledged department with a mandate to promote and develop co-operatives and co-operative enterprise.

The establishment of the department marked a major departure from the previous policy of regulation of co-operatives which had been in effect since the establishment of the branch in 1949, to the encouragement and development of co-operative enterprise. The intent was not to duplicate the organized movement in any way, shape or form, but to strengthen and fill in gaps of service which existed. Many fledgling co-operatives were struggling to get organized and lacking a mother society in which to turn, could only rely on the department for assistance. Thus from a staff of 12, of which two were co-operative development officers in 1967, the complement had increased to 32 of which 20 were in the Co-op Branch in 1973, and stands at 57 today, 13 in the Credit Union Branch, 30 in the Co-operative Branch, 6 in the Planning and Research Branch, and the remainder in the Administration Branch.

As these increases in staff illustrate, many additional services and programs have been added in support of co-operative development by this government over the years.

In 1971, the co-operative development activities extended only to northern co-operatives engaged primarily in natural resource development. It was very apparent that needs existed in other fields. In 1971, a specialized training capacity was added to the department to provide the boards, management, and membership of co-operative organizations with the skill necessary to operate their co-operatives effectively. Since then, the training arm of the department, the information, organization and personnel section has expanded and improved its services to co-operatives by providing pre-incorporation advice, assistance and education, incorporation, training and personnel services.

In 1973, a housing component was added to the department. The housing component of this department has been strengthened over the years, until this year when four staff are providing continuing co-operatives, co-operative houses, building co-operatives, in fact, housing co-ops of all shapes and sizes with the kind of advice, encouragement and support they require. The department has stimulated the development of additional support services to housing co-operatives through the Co-operative Credit Society of Manitoba.

In late 1973, the audit function was separated from accounting and a qualified auditor was retained. The audit service was established to ensure that co-operatives which had no access to qualified auditors would nevertheless be properly audited. In that same year, the department was provided with a research capacity to explore new areas of potential co-operative activity, and to recommend programs for the encouragement of co-operative enterprise generally.

In 1974, Mr. Chairman, saw the addition of an agriculture component to the Co-operatives Branch to provide assistance to groups of farmers interested in applying the co-op formula to the agricultural production. Another new thrust in 1974, was the initiation of the co-op curriculum program intended to develop materials about co-operatives for use in the public school system.

As the department expanded to meet additional needs, it became apparent that reorganization and some specialization within the department would greatly improve the service it could offer the co-operative organizations. So in 1975, the Co-operative Branch was re-organized in four components: Northern Operations servicing the

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(MR. TOUPIN cont'd)co-operatives in northern remote communities, and all fishing co-operatives; Southern Operations servicing agricultural co-ops, housing co-ops and other small non-affiliated co-operatives in the southern part of the province; Information, organization and personnel to which I referred earlier; Finance and Control offering specialized financial and control services such as accounting and financial advice. This had the net effect of extending the department services on a province-wide basis to all co-ops and interested groups requiring assistance in the development and operation of co-operatives.

Another need of developing co-operatives, Mr. Chairman, which has been met by this government is a need for a source of financing for co-op ventures. In the 1960s a meagre \$100,000 fund was set up as a source of financing for northern co-operatives. This fund was increased to \$500,000 in 1971-72, \$2 million in 1973-74, and \$3 million --(Interjection)--Mr. Chairman, the honourable member does not want to hear statistics. The fund was increased to, and I repeat - if he'll have the decency to listen while I listen to him later - the fund was increased to \$500,000 in 1971-72, \$2 million in 1973-74 and \$3 million in 1974-75 to ensure that avenues of financing would be available to co-operatives who could not obtain financing for their projects anywhere else. From the outset, these were high-risk loan guarantees, had the projects not been high risk there would have been no need for co-op loan board financing. Some projects have failed and some loan guarantees had been written off, and for this we have been criticized but if we are to be criticized, Mr. Chairman, we should be criticized for trying to do too much too quickly to help remote fishermen. In 1969 these fishermen were left high and dry by the fish companies who refused to stick around after the Freshwater Fish Marketing Corporation came into being. This left no one to handle the fish at the local level as the agents of FFMC. Perhaps--(Interjection)--

MR. CHAIRMAN: Order, order please, order please. Now I'm not going to tell the honourable member again. Now the honourable member knows that interrupting another honourable member when he is speaking is against the rules of this House. Order.

MR. ENNS: On a point of order, Mr. Chairman. In 1969 with the event of the Freshwater Fish Marketing Corporation, the private industry was legislated out of business by order of this House, by order of the Federal House, and let the records show that, and don't let the Minister stand up here and tell us that the private sector abandoned the private fishermen.

MR. CHAIRMAN: Order please. That is not a point of order, it is a difference of opinion between you honourable members. The Minister of Co-Operative Development.

MR. TOUPIN: Mr. Chairman, I guess the Honourable Member for Lakeside doesn't like this statement, I'll repeat it again for his benefit. In 1969, Mr. Chairman, these fishermen were left high and dry by . . .

MR. CHAIRMAN: Order please. The Honourable Member for Lakeside state his point of order.

MR. ENNS: I have absolutely no objection to the Minister restating that opinion, except that I would want to forewarn you that I will state a similar point of order if he finishes that statement.

MR. CHAIRMAN: Order please, order please. I've already stated to the honourable member that it's not a point of order. The Honourable Minister of Co-Operative Development.

MR. TOUPIN: In 1969, Mr. Chairman, these fishermen were left high and dry by the fish companies who refused to stick around after the Freshwater Fish Marketing Corporation came into being. This left no one to handle the fish at the local level as the agent of the Freshwater Fish Marketing Corporation.

Perhaps some of the co-ops were organized too quickly, perhaps some of our expectations were too great. In organizing these co-operatives we were expecting remote fishermen to make the transition overnight from employees of fish companies to owners and operators of their own co-operative fish businesses. I repeat, Mr. Chairman, in organizing these co-operatives we were expecting remote fishermen to

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(MR. TOUPIN cont'd)make the transition overnight from employees of the fish companies to owners and operators of their own co-operative fish businesses, that's the true free enterprise that is espoused by members opposite that I endorse pertaining to individuals wanting to group together in private enterprise to run their own affairs.

Perhaps we should have established these fisheries as Crown agencies at the outset, with a gradual transition to co-operative ownership. At the time, speedy organization of the fishermen was necessary if they were to have an agent to handle their fish, and the co-operative formula was adopted by many groups, and while some co-op ventures failed, many others were successful and many of the loan guarantees advanced have been and are being repaid. Without these guarantees some co-operatives simply could not have survived. If we are criticized for some failures, it should be noted that efforts to assist northern fishermen to become masters of their own destiny was and still remains more than worthy of consideration by this government and future governments.

In the credit union area, positive steps have been taken by improving the departmental inspection services through specialization. Delegation of the audit, and examination responsibility to the respective stabilization funds has brought about improvement in this field as well.

And so, Mr. Chairman, the 1976-77 Estimates of the Department of Co-Operative Development reflect a continuation of the programs I have mentioned, as well as the strengthening of these programs in several key areas, one being housing. I'm certain that you are all aware of the role continuing housing co-operatives have and can play in providing their membership with comfortable housing at reasonable costs. Indeed, I am certain that the members opposite are aware that continuing housing co-operatives have held the line on housing charges, while the cost of private rental housing has been skyrocketing in the last few years. The reason for this, Mr. Chairman, is simple. Continuing housing co-operatives are able to hold down housing costs because the members are at the same time landlords and tenants. They, through a democratically elected board of directors, manage their own housing development, controlling their own monthly charges. Because the members themselves control the housing costs, our government has naturally seen fit to exempt co-operative housing from the rent control legislation. Were a larger share of the rental housing market in co-operative hands, the need for government-imposed controls would probably not exist. It is my hope, Mr. Chairman, that the day will come when this becomes a reality.

In view of the non-inflationary benefits of continuing co-op housing the department in conjunction with the Manitoba Housing and Renewal Corporation and the Housing Department of the Co-operative Credit Society of Manitoba will continue and strengthen its efforts at encouraging the development of continuing housing co-operatives.

A new dimension will be added to the department's housing program during 1976 - 77. The department in conjunction with sponsoring co-operatives and credit unions will assist groups of people interested in building their own homes through a building co-operative, Sweat Equity Program. Cost savings in excess of 25 percent of building costs can be realized through bulk buying of materials and labour inputs as well as a significant reduction in labour costs through the members' contribution of their own labour to the project.

Mr. Chairman, the Honourable Member for Lakeside is still not listening, he's listening to himself talk, and I repeat, cost savings in excess of 25 percent through the Sweat Equity Program pertaining to building costs can be realized through bulk buying of materials and labour inputs, as well as a significant reduction in labour costs through the members' contributions of their own labour to the project. Once the homes are built the co-operative is dissolved and ownership of the homes reverts to each individual member. The need for a program of this nature is very clear. With new home costs in the City of Winnipeg, as an example, running in the \$39,000 - \$40,000 bracket for a basic three-bedroom bungalow, only about 5 percent of the households have incomes sufficiently high as to be able to afford this housing. Through the Sweat Equity approach, combined with the Assisted Home Ownership Program, 30 percent of the Winnipeg population could qualify for new housing by reducing the income required

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(MR. TOUPIN cont'd)to obtain a mortgage, from around 20,000 a year to around 10,500. In rural areas where incomes are generally lower, the need for a co-op building program is equally apparent. Thus, it is anticipated that through this program home ownership can become a reality for modern income families, I'm sorry, can become a reality for moderate income families presently excluded from the housing market. It is my hope, Mr. Chairman, as well, that in the future co-operative housing development will include purchase and renovation of existing homes which could then be leased back to members on a continuing co-operative basis. This formula could be successful in building co-operative communities in downtown cores, particularly in the City of Winnipeg.

The growing concern over the high cost of food has led this government to give high priority to the encouragement of innovations in retailing in order to hold down rising prices. To that end, the department in conjunction with Federative Co-operatives Limited and a local co-operative group will undertake the development of a new concept in co-operative retailing, a direct charge co-operative retail outlet to be located somewhere in the City of Winnipeg.

What makes a direct charge Co-op so unique? Rather than rely upon a mark-up on the price of goods to finance the operation, each member is required to pay a direct charge to cover the operating costs. This direct charge takes the form of a weekly fee set from time to time by the Board of Directors, which the member pays whether he buys anything from his co-operative or not; in addition members contribute to the financing through member loans to the co-operative. This system of store financing enables the co-operative to supply merchandise at very low prices as well as establish further development funding. A direct charge co-op is not a retail store in the true sense of the word, but rather a purchasing agency for its membership. The objective is to supply high quality merchandise at costs only slightly in excess of wholesale prices. Costs are reduced by the elimination of such frills as advertising, pre-pricing, packing and carryout service. The direct charge concept allows for the reversal of modern merchandising techniques which stress impulse buying on high margin lines increasing the cost to the unwary consumer and the profits of the retailer. This concept is replaced with a best value low price approach stressing savings and quality to the consumer member. It is my hope that this venture will be the first of many in the City of Winnipeg where studies have shown that increased competition in the retail food sector is necessary.

Mr. Chairman, I'm pleased to announce that all 12 active Fisheries Co-operatives experienced very successful operations at the conclusion of the 1975 summer season. Seven Fishing Co-operatives were inactive in 1975. Of this number, two had never proceeded past the point of incorporation and the remaining five were forced into dormancy due to prevailing economic conditions in the fisheries' industries. Low fish prices, low grade fish, coupled with high transportation costs in the far north, have made fishermen, and hence their co-operative organizations unviable. Subsidization of one form or another is the only means of providing at this time a livelihood for fishermen of this region.

The question, Mr. Chairman, has always been whether it is better to subsidize by way of supports to industry which allows for our people to be active and retain their personal dignity or to provide total welfare, what I consider to be a destroyer of initiative for the unemployed but employable. The areas of Savage Island and South Indian Lake have been fished by circumventing the co-operatives, but only by way of duplicate subsidy as provided by this government and the Federal Government. Is it not a shame to both sides of this House that co-operatives when they were operating, were not afforded this same support, which would have allowed its northern fishermen to be masters of their own destinies rather than pawns of our society. Let us not blame the co-operative formula for this dilemma, rather look into our own conscience for the answer.

In order to strengthen their position on issues affecting the fishery, in order to provide common buying services, and in order to provide a collective voice in fish

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(MR. TOUPIN cont'd) policy, fishing co-operatives have organized a central co-operative, Northern Co-operative Services Limited in 1975. This organization will speak for co-operative fish producers accounting for 30 percent of the total Manitoba fish production. I take this opportunity to wish the member co-operatives every success in this endeavour.

In 1976, Mr. Chairman, the department will continue its research into consumer co-operative and credit union development in the north, as well as research pertaining to the application of the co-operative formula to agricultural production. The department in conjunction with the Manitoba Bureau of Statistics will continue to publish quarterly statistical reports on the operation of credit unions and Caisses Populaires in the Province of Manitoba. In addition, the department will produce a statistical report on the operation of Manitoba co-operatives in 1975.

The department will continue to support research about co-operatives by co-op members, students, academics and the general public by a further development of its resource centre. Although it is still in the early stages of development, the resource centre contains numerous books, articles, pamphlets, films, audio-visual presentations and other materials pertaining to co-operatives and credit unions and their development.

I'm also pleased to advise Mr. Chairman that the co-operative curriculum project is entering a final phase in 1976, with materials undergoing an extensive review and piloting process by teachers and a review process by co-operative organizations. It is anticipated that the material will be completed during the 1976-77 fiscal year. The Department has now completed the implementation of its objective to organize a credit union, Caisses Populaires Internal Audit Program. As reported last year at Estimates' time by my colleague, we were in the process of effecting the proposals of a signed agreement between the department, the Stabilization Fund and Le Fonds de Securite. The latter two organizations agreed to provide the internal audit system and the department agreed to modify its examination program to one of inspection. The tandem approach is proving very effective in that it allows better implementation of follow-up procedures for the departmental staff and early detection of problem areas by those organizations that have the financial responsibility for the safeguard against any losses of members' funds.

And finally, Mr. Chairman, I'm pleased to report the progress which has been made and will be reflected during this session on the matter of co-operative legislation. For many years, all legislation relating to co-operatives has been embodied in a small section of the Manitoba Companies Act. The existing Companies Act essentially governs incorporation of the standard well-known corporate structure and does not necessarily embrace essential principles that must govern co-operatives. Case in point: The Companies Act does not deal properly with the principle of open and voluntary membership or the essential democratic control by one-member one-vote principle. Co-operatives have advocated specific legislation for their regulation because of the very special nature of co-operatives and their objectives. Manitoba is the last province in Canada to adopt specific co-operative legislation. In response to the need of co-operatives on legislative matters, Mr. Chairman, the government is presenting at this session of the Legislature comprehensive enabling legislation for co-operatives. This new piece of legislation will attempt to translate more adequately the basic differences I have just referred to. The members should get the Co-operative Act in their hands by, I would hope, next week at the latest so we can consider the bill in second reading in Law Amendments.

As you are aware, my honourable colleague, the Honourable Minister of Consumer and Corporate Affairs has presented a new Manitoba Corporations Act which will be somewhat of a reflection of the Canada Business Corporations Act. Briefly, we intend to establish two pieces of legislation, one dealing specifically with corporations and another dealing exclusively with co-operatives. Co-operatives have been recognized in this fashion even by the Federal Government. It is time that Manitoba offered this vast movement of which such a large segment of our provincial population are members the same respect and consideration.

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(MR. TOUPIN cont'd)

Further motivation for implementation of co-operative legislation is reflected by the need to include specific provisions for co-operatives that require some special consideration under the law. As an example, service co-operatives, housing co-operatives, agricultural co-operatives, co-operatives without share capital, and the issuance of securities by existing co-operatives. It is our hope, Mr. Chairman and colleagues, that this legislation will make it possible for co-operatives to develop to meet the ever-changing needs of our increasingly complex society.

And with these words of introduction, I present the Estimates of the Department of Co-operative Development and I wish to take this opportunity, Mr. Chairman, to again thank my colleagues in Cabinet for the support they've given me in this department, in the responsibilities that I've been given here, members of caucus, members of the opposition that have shown interest in the development of co-operatives over the years, and certainly members of my staff that have been more than understanding. Even though I have spent approximately ten years of my life in co-operatives myself, I still had a break from co-operatives of about six years and I had to be updated and certainly helped a lot during last year. Thank you.

MR. CHAIRMAN: Resolution 43(b) Salaries, pass; 43(c) Other Expenditures, pass; (d) Canada Manitoba Northlands Agreement, (d)(1) Salaries, pass; Other Expenditures, pass; (e) Canada-Manitoba Rural Areas Agreement - The Honourable Member for Roblin.

MR. McKENZIE: I wonder if the Minister could explain, is that rural area agreement with Canada being phased out?

MR. CHAIRMAN: The Honourable Minister of Co-operative Development.

MR. TOUPIN: If the honourable member would let me find my bearings here in my House book and I'll get back to him as soon as I can.

MR. CHAIRMAN: (e)(1) pass; (e)(2) pass; (f) Planning and Research (1) Salaries, pass; Other Expenditures, pass; (2) Co-operatives (a) Salaries - the Honourable Member for Lakeside.

MR. ENNS: Mr. Chairman, it was a little bit of yesteryear that we heard just a little while ago, to hear the Minister back in his forte when he has a well prepared 25 or 30-page speech to read from, it reminds me of the days that he was responsible for the Department of Social Services when he used to grace the House with those words of wisdom that were well documented and written before him.

Mr. Chairman, the Honourable Minister currently responsible for the development of co-operatives is not going to get away that easy with respect to the affairs of co-operatives in the Province of Manitoba. The fact of the matter is, Mr. Chairman, there has been what can really be called a tragic development in the co-operative movement in the Province of Manitoba under this government's stewardship as of late. Mr. Chairman, other members are better prepared than I am to list the singular failures that have occurred under this government's direction in this area; can list and document the thousands of dollars of Manitoba taxpayers' money that have literally gone down the drain as a result of this government's handling of co-operative affairs, in northern Manitoba particularly. Mr. Chairman, if we simply look at the results of the northern fisheries' industry, this whole state of the fisheries' industry in Manitoba, it has been reduced to roughly 1/3 of what it was some 8 or 9 years ago. Mr. Chairman, I will not allow the Minister to confuse me with a great deal of rhetoric, with a great deal of prepared speeches, but the fact of the matter is that fishermen in Manitoba are catching roughly 1/3 of the fish that they were catching ten years ago in this province and all of northern Manitoba is literally strewn with bankrupt co-operatives that were hastily conceived, hastily put together, financed with a great deal of public money, and are now on the dole of public welfare, thanks to this Minister, thanks to this government.

Mr. Chairman, that perhaps shouldn't surprise us, because I'd like to for just a few moments deal with what they have really done to the co-operative movement in Manitoba in a different field. And by way of introduction, when I say it shouldn't really surprise us we should sometime remind ourselves about the document that this government doesn't like to be reminded of, and that is their now somewhat hidden manifesto of

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(MR. ENNS cont'd)some years ago which indicated the following: "That at this point," this was written in '72," it may be worthwhile to consider whether co-operatives might not be a redundant form of organization." After all, if rational and extensive use is made of Crown corporations, and the Minister alluded to that in his remarks just a little while ago. He even suggested that perhaps they made a mistake in encouraging the development of co-operatives. He said, "If we would have pursued the course of the development of Crown corporations some of these failures, some of these bankruptcies, might not have happened." Now, Mr. Chairman, he was just intuitively reminding himself of the position that his party and his government took when they drew up the Manitoba Manifesto which said that co-operatives might well be considered as a redundant form of organization. That is what your planners, that is what your policy, that is what the convention of the NDP party of Manitoba arrived at in drawing up this paper. -- (Interjection)--

Mr. Chairman, the Honourable Member for St. John's says it's not true. Now I want to briefly line out to members opposite just how true it is. And I don't want to talk about fishing co-operatives, I want to talk about one of the major co-operatives in this province, Manitoba Dairy and Poultry Co-operative of Manitoba, commonly known as Manco. Do you realize the position, Mr. Chairman, that this government has placed that major co-operative into? They've placed into the hands of this government, this Minister, the direction that he has over the Milk Control Board, as to who will be the Director of a major co-operative in this province. It is no longer the co-op members who have the final say as to who will be a director of Manco. And I want this to sink in on the Honourable Minister, because even he I'm sure beyond his wildest imagination can assume that some day he may not be the Minister and the protector of co-ops, some day another Minister may well be responsible for co-operatives, and I ask him if he is satisfied with the legacy that he and this government have left the co-operative movement in, when I can stand in my position and tell you Mr. Minister that you have made it possible for (a) a political person, or (b) a person directly appointed by the political party of the day to decide who can and who cannot serve as directors of one of the major co-operative enterprises of the Province of Manitoba, and I refer to Manco. That makes sense, when you put that into perspective, with the policy objectives of this government.

Mr. Chairman, Manco, which represents 25 percent of the dairy producers of the Province of Manitoba, has for many years successfully run their business as one of the most successful co-operative ventures in the Province of Manitoba. It has contained within its constitution an understandable clause that says, that surely to be a director of Manco you should do business with Manco, with the co-op, you should ship your milk to a co-op plant. But, Mr. Chairman, that right has been taken away from that individual co-op member, that life-long supporter of Manco, that life-long supporter of the co-op movement, in this particular instance in the dairy industry, because the Manitoba Milk Control Board decides arbitrarily where any producer is going to send his milk to. And we have had questions raised in this House. The Minister of Agriculture was aware, he was substantiating this position, it is not the co-op that can solicit support from its co-op members and say, in the true co-operative spirit, you do business with me, just as the Minister just a little while ago was talking about his involvement of the direct co-op retail stores in the city here or in the province.

Manco, one of the most senior, most successful co-operative organizations in the Province of Manitoba, no longer can solicit from its members the delivery of milk to its plants. It has in its constitution, correctly so, and understandably so, that simple clause that says that if you aspire to be a director of Manco you have to do business with a co-operative plant. But, Mr. Chairman, under the direction of the Minister of Agriculture, under the direction of the Milk Control Board, they decide where individual members of the dairy business will ship milk to. And, Mr. Chairman, it's happening right now in this province, life-long members of the co-operative movement have been ordered by this government to ship their milk and their produce to Beatrice Foods Limited, and they're doing it against the objections of the primary producers and as such disqualifying themselves from a role in the direction of the

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(MR. ENNS cont'd)co-op industry in the Province of Manitoba as far as the dairy industry is concerned. In other words, Mr. Chairman, if I choose to exercise that right, and I choose to influence who will be the directors, the future directors of a major co-operative in Manitoba, a co-operative encompassing some 25 percent of the primary producers of the dairy industry, I can decide that, Mr. Chairman. If I think that there happens to be a troublesome director, politically troublesome to me, on the board of Manco, that I would like to find a convenient way of removing, I simply through my channels direct that he has to from now on ship his milk to a Modern Dairies plant, he disqualifies himself from being a director of Manco.

Well, Mr. Chairman, it's inconceivable that this state of affairs would happen under a government that proposes to have among its major platform planks the development of a co-operative movement and the protection of that co-operative movement. Mr. Chairman, this isn't simply idle speculation, these aren't hypothetical situations that I raise, these are facts that are happening today in the dairy industry. But, Mr. Chairman, it is of little concern to this government, it's of little concern to this Minister, because he rather tends to agree with the position that this government and this party has arrived at some time ago, that the co-operative movement is indeed redundant when you're dedicated to the promotion of Crown Corporations where you don't have that difficulty in having to deal in democratic ways with the direction that that Crown Corporation may take. After all, Crown Corporations, particularly as they have learned to live with this government, can and have to from time to time because of their very nature yield to political pressure. The directors, the chairmen, the people who move and do things with Crown corporations are, after all, appointed by the government of the day. This government has found itself much more at home in the development of Crown corporations, where that exercise and where that influence can be so directed, than with the broad movement of co-operatives, where they cannot always guarantee that the results that they choose to look for will be forthcoming in a free and open democratic exercise of co-op members rights, as to the direction that they think their particular co-op should go. Mr. Chairman, I say that there is a degree of cynicism involved in this Minister's representation as the protector and promoter of co-operative movement in Manitoba. It's likely that there has been never a time in the history of Manitoba where there has been more substantial harm done to the co-operative movement in Manitoba than under this government. Oh, Mr. Chairman, I know he has piled in the dollars, and most of them have gone to a bottomless pit. Let him stand up and recite and name to me the successful fishing co-ops that are today operating in Northern Manitoba on a sound financial footing and hold that up against the record of the past. The very nature of developing co-operatives is to learn to walk before you run, to enable and to persuade the individuals involved that the responsibility of running that co-operative is on their shoulders and not on big brother's shoulders. There's no trick to running a co-op if there's an endless series of blank cheques coming your way, there is no training involved, there's no management involved, there's no exercising of self-discipline involved. Mr. Chairman, at that rate we can gloat and continue creating co-ops as long as the public purse will supply it and will support it, but surely the question has to be asked after a period of going on to six and seven years now, name me the successful co-operative ventures, particularly in Northern Manitoba, that are operating in a true co-operative spirit, that are operating successfully? The Minister tells me that co-operatives are failing now because of a downturn of fish prices, because of economic reasons, but, Mr. Chairman, after all those were, that's one of the reasons why a massive rationalization took place in the fish industry, you know, that's why I, the former member of the administration moved a long way forward and had prepared and ready the bill that this government passed that developed the Fresh Water Fish Marketing Corporation. One was led to believe, Mr. Chairman, that once we got rid of those vicious fly-by-nighters and these independent fish companies that these kind of situations wouldn't come about anymore. And, Mr. Chairman, the fact of the matter is the fish prices aren't that bad, relative to the years that we're comparing them to, in fact they're pretty good. And yet, Mr. Chairman, there is a great deal of difficulty

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(MR. ENNS cont'd)with respect particularly to the northern fisheries, and the fisheries industry as a whole in the Province of Manitoba. Mr. Chairman, this Minister has a great deal to learn about the development of the co-operative movement in the Province of Manitoba if he thinks that the mere spending of money, or the underwriting of losses and costs, will in any way significantly move forward the co-operative movement in any lasting kind of a way. It may buy them a few votes at election time, Mr. Chairman, but in terms of real development and in terms of a lasting contribution to the economic well-being of the people concerned, it has to be considered to be surely one of the most dismal failures that this government has embarked upon.

MR. CHAIRMAN: The Honourable Minister of Co-operative Development.

MR. TOUPIN: Mr. Chairman, with the consensus of the House I'd like to revert back to an item that we passed because we were just starting a review of the Estimates and I did not have my House book ready. In regards to the Canada-Manitoba Rural Areas Agreement, posed of me by the Member for Roblin. This program was discontinued by the Federal Government and I can outline the reason for the program as it was in force in 1975 - 76. It was mainly to help us research activities involving economic analysis to determine situations where economic benefits could be maximized through production analysis of institution and legal changes, and there was no longer any funding for this purpose in 1976 - 77 so the research that has to be made pertaining to requests that we get from different co-operatives is being had through the planning and research capability of our department.

Mr. Chairman, I'd like to deal briefly with, what I call the gall of the Member for Lakeside, just outright gall for the Member for Lakeside who was part of the previous administration, and the way that they dealt with co-operatives while I was in a co-operative movement during that time for a period of 10 years, has an outright gall to state, Mr. Chairman, that in regards to the previous administration that made it completely unlawful in this province for a co-operative to do business with a Department of Government.

MR. ENNS: On a point of Order. I'll accept a lot of garbage from the Honourable Minister but I'll not accept outright misstatement of facts, outright lies, when he says that we passed laws prohibiting co-ops to operate as a movement throughout the Province of Manitoba.

A MEMBER: What's your point of order?

MR. CHAIRMAN: Order.

MR. ENNS: That's my point of order.

MR. CHAIRMAN: Order please. I'm afraid I have to inform the honourable member that that is not a point of order.

MR. TOUPIN: Mr. Chairman, if the honourable member would stop cackling and listen for once.

MR. ENNS: You might learn . . .

MR. TOUPIN: I did not say that you passed laws, look at the record, listen for a minute, don't just talk without wanting to listen to other members of the House, maybe you'll learn something. I try to learn things, I don't know all the concepts of the co-operative movement, free enterprise, a socialist system, the capitalist system, but I do have a quality that I believe you'll never have, it's a quality to be able to listen when someone is talking; now can you do that for a few minutes. The honourable member, who is a member of the previous administration allowed to stand on the statute of this province laws that made it impossible and unlawful for people in the co-operative movement to do business with departments and agencies of the Crown. Now can he deny that? No way, no way, we changed all of these statutes in the Province of Manitoba. Let him name one statute that we, not me, I'm not the government, I'm part of the government that has caused co-operatives to be a partner with different levels of government, with departments of government, and with agencies of government. Yes, we can be faulted for attempting to help people help themselves, like we attempted to help the Honourable Member for Lakeside by means of grants, by means of loans. I was helped by the co-operative movement, I was helped to start building a home, start a business. It's my turn to attempt to help others. Can the honourable member understand that, that that's what we understand by the co-operative philosophy.

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A MEMBER: That's what it's all about.

MR. TOUPIN: Leave the co-operative movement have the same privileges, which is called private enterprise, you're grouped together but that's private enterprise. Does the honourable member understand that, that a co-operator is a free enterpriser? A free enterpriser grouped with other people to form that strong link to be able to be more capable in financial matters, in social development, in programs that they want to give their members.

If we can be faulted, Mr. Chairman, like I said in my opening remarks and the comment that was made by a member in the back bench, that Herb Schulz must have prepared my notes, I can tell you that I respect Herb Schulz in many areas. Herb Schulz didn't prepare my remarks, I wish he had, they'd have probably been better than what I gave to the House. These notes were prepared with the experience of, with some of the experience that I've acquired in the co-operative movement myself, with staff that I have within the Department of Co-operative Development, and that type of sly remark I can do without, thank you.

If we can be faulted, Mr. Chairman, for doing things within the philosophy of the co-operative movement, is doing things too quickly, and I said that in my opening remarks. Obviously, Mr. Chairman, the Honourable Member for Lakeside was not listening. We went into communities, that sought, we didn't go in there and attempt to shove programs down their throat, sought our assistance, and I'm not talking of my assistance, I wasn't involved in the Department responsible for co-operative development. I've always wanted to be involved, because I endorse fully the principle that has been endorsed since coming from Germany, way back many years ago, the co-operative philosophy.

We were asked to go out there and attempt to help people help themselves. We went and allowed people to attempt to administer their own affairs without having the financial capabilities, in a lot of cases, of administering well their affairs. Yes, they've made some mistakes, and I can list you the mistakes they've made, I can list you too in the last two years, where they've gone from those initial mistakes and learned; and the honourable member may say that they've learned at the taxpayers' expense. Well I can tell the honourable member that a lot of businesses, a lot of individuals in the Province of Manitoba like elsewhere, have learned at the expense of other taxpayers.

Millions and millions and millions of dollars have been poured into the hands of individuals, leaving aside co-operators, and have failed, declared bankruptcy, declared bankruptcy. But when that happens to an individual, that is aside from the co-operative philosophy, that is aside from the business world, what do we hear? Do we hear an honourable member, Mr. Chairman, from the other side of the House, and bring out, say an individual from the eastern, the northern, the southern region have failed in his business because he's received assistance from the Farm Credit Corporation or from the pool elevator, which is all the taxpayers money or from other sources. I haven't heard it; we've attempted to help communities help themselves. Yes, we've done that, we've really done that and we'll continue doing it, but what I believe that we should do foremost is attempt to start earlier in regards to communities, in training, help in training people to administer their own affairs, so that when you give them the responsibility to administer their personal affairs, and attempt to help others by means of a Board of Directors that is elected by the participating members, including Manco, yes, by all means. If they weren't off they would no longer be a co-operative. The members of Manco elect their Board of Directors and once they stop doing that their Charter will be withdrawn from the Statutes of this province, they will no longer be a co-operative. And the Board of Directors in turn, and the honourable member knows this, named the Executive Director, and appoints equally staff that are responsible to the Board of Directors, appoints in some cases, depending on the regulation of the co-operative in question, appoint a supervisory committee.

And in some cases if your dealing with a financial co-operative, a credit union, they appoint, in other cases they elect the credit committee. That's the

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(MR. TOUPIN cont'd)democratic right of a co-operative. They have one vote, whether they have a million dollars in shares or one dollar in share, they have the same voice at the annual or monthly meeting, whether they be a member at large or whether they be on the board of directors or on the credit committee or the supervisory committee. Now the honourable member knows that, he knows that quite well, but he just wants to give it a twist, to indicate that the co-operative system has not worked. I can tell you that you have made mistakes in the co-operative movement in attempting to help co-operators, we have made mistakes, but the types of mistakes that we've made I believe have been the types of mistakes that have gotten people to learn from what I consider to be minor errors in most cases.

If you take, as an example, communities that were 85, 90 percent on welfare, and we can dig up the statistics, I saw them all when I was in Health and Social Development, complete communities on Social Assistance. They weren't people that weren't able to work, they were considered to be unemployed employables, the bulk of the people involved were unemployed employables. What happened by means of whether it be the co-operative philosophy, whether it be by the work activity programs, people got involved, learned trades, learned to really get together and fish and be able to sell at the best areas where they can get the best prices, and because of that we have seen communities go from 85 percent on social assistance to 40, 42 percent. Does the honourable member attempt to disregard what has happened through that process? Well, Mr. Chairman, I don't, I'm proud of what my predecessors did to me in the co-operative development department. I wish that I could pursue some of the thoughts and endeavours that they had. I hope that we can do better, yes by all means, no one is perfect, everyone can learn if he's wanting to listen and use the knowledge, the benefit of the knowledge of other people that are smarter than he or she. I'm willing to do that.

We have figures here that indicate that the Loans Guarantee Board, as an example - going back many years when I was involved in it - had a certain amount of money, and I indicated that in my opening remarks, went from \$100,000 to a multi-million proposition in an attempt to help individuals in a co-operative philosophy. I'm not ashamed of that Mr. Chairman.

In regards to Manco, certainly there are problems pertaining to the dairy industry but I'm willing to sit down, and I have, with the board of Manco already, I've assisted at their general meetings, I made a speech at the general meeting of Manco that wasn't that well received by some of the members on the co-operative board, or the general membership of Manco. I don't always say things that are pleasing to people, but I say things that I believe in, and I'm ready to state that speech word for word again this year or whether it be next year, pertaining to my involvement, the involvement of the Department of Co-operative Development with Manco or with any other provincial organization wanting to service their co-operative members.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. CRAIK: Mr. Chairman, there are several things that the Minister has said here which invite comment whether one intended to make extensive comment or not. Of course one of the most leading statements that he has made is one with reference to the fishing industry. To say that the private sector having pulled out left the fishermen high and dry back several years ago, and he repeated it twice, Mr. Chairman, and I find it hard to - is somehow indicative of the jaundiced view that this Minister has of the facts of life with regards to some of the areas in which he has ploughed dollars through the aegis of the co-operative movement to offset this, and then rationalized his losses by saying that he had to do it because they had been let down by a third party. And of course, I want the Minister to explain that, not reading from his notes, but to give us chapter and verse. I get the full impression that he somehow stumbled into reading that without having realized what he'd read, because anything but that is the truth and the Minister knows it full well, that the companies that were involved in the fishing industry, And certainly it was with the consent of both sides of this House that a rationalization of the prior industry took place, but to say that the

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(MR. CRAIK cont'd)prior industry left the field and left the fishermen high and dry of course is an absolute distortion. What this shows is that in fact the government of the day that took over at the time of the transition was taking place didn't properly prepare themselves to actually let the transition take place in a logical fashion, and many people that were involved in the industry not only ceased to serve the fishermen but lost their assets to boot. So I want the Minister to understand that that statement by himself is not going to go uncontested in this House.

I also want to penetrate through this fog of rhetoric that he is putting forth in this House that somehow the money that was plowed in, partly through the Co-ops, has solved problems of the fishing industry in the north. He's made the statement that it took people off the social service rolls and put them to work in the fishing industry. He knows very well that opportunities to fish were there before, it was the opportunities for the type of remuneration associated with fishing that was changed. Now in addition to that, what is changed is that there are not as many people fishing now as were fishing then. And what we're talking about is meaningful employment. What he's saying is, although he won't say it directly, that he's opposed to the type of employment they had before fishing where they worked for someone else who in turn worked for the profit motive and that his preference would be for them to work through a co-op. And I don't think anybody opposes that, the idea of them working for a Co-op, if in fact the Co-op was on a sound basis and was afforded some success. But what in fact has happened is that the government has moved in and the co-ops were set up, and as they were unsuccessful in many cases, the net result is that fewer people are achieving meaningful employment through the program sponsored by this government than previously had meaningful employment in the fishing industry.

I want to bring forward here some of the comments that were made by someone who I'm sure that the Minister is prepared to listen to if he's not prepared to listen to the comments from this side of the House, who have an interest in the well-being of the people in the fishing industry and those also forming Co-ops, whether it's in fishing or otherwise, and I refer to the report of the Provincial Auditor. He refers to the 22 loan guarantees of the Co-operative Loans and Loans Guarantees Board outstanding as of March 31st, 1974, and he comments on a number of cases of the problems with those loans. Let me refer you to some classic examples. First of all, No. 1, here's Case One: It was decided that the Deputy Minister of the Department should submit a report to my office to which he would add our comments and direct it to, who, the Attorney-General's Department. The Attorney-General's Department would review the report and indicate what further action if any should be taken on the basis of the province's legal position. Well, Mr. Chairman, let me refer to a specific case. The Attorney-General's Department has requested the assistance of the RCMP . . .

A MEMBER: RCMP?

MR. CRAIK: . . .to investigate certain matters relating to the operations of this co-operative, this investigation is still in progress. The province has made a payment to the lender in the amount of \$106,719, being \$100,000 guarantee and interest charges of \$6,719 from the date the guarantee was called to the date of payment.

Case No. 2: The Province has made a payment to the lender in the amount of \$80,708 being \$75,000 guarantee and interest charges of \$5,708 from the date the guarantee was called to the date of payment.

Case No. 3: The Co-operative Loans and Loans Guarantee Board has approved payment of the Co-operative's indebtedness under the \$800,000 loan guarantee. The Province has made a payment to the lender in the amount of \$783,576. In consideration of the payment the co-operative has passed the necessary by-laws to transfer the fish processing plant with certain related equipment and facilities and a house in Leaf Rapids to the Co-operative Loans and Loan Guarantee Board.

A MEMBER: What happened?

MR. CRAIK: The aforementioned transfer has not as yet been completed.

A MEMBER: No co-operative any more.

MR. CRAIK: With reference to the departmental auditor's comment, he was

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(MR. CRAIK cont'd)not able, however, to express an opinion on results of the operations because of inadequate accounting procedures and lack of controls over sales, cash and inventory. The departmental auditor's difficulties are consistent with the difficulties which we reported last year. It's not just a problem this year, it's a problem from the previous year. Accountability is inconclusive.

Case No. 4: The Department requested the Attorney-General's Department to give them advice in respect to the status of certain Accounts Receivable, the residual moneys and the doubtful expenditures. Since the operations did not result in any loss of public funds in this case, the Attorney-General's Department has advised that no legal action be taken concerning the propriety of the operation and the guarantee proved by the board which was not in compliance with its Act.

Case No. 5: As a result of discussions, a firm of chartered accountants was requested to review the records and documents to determine whether there was adequate information for audit purposes. The province has made a payment to the lender in the amount of \$107,087, being \$89,550 guarantee and interest charges, \$17,537, from the date the guarantee was called to the date of payment, and the board now has a subrogated claim against the co-operative for the amount paid. Two creditors - not only government's losing in these ventures that the Minister refers to as Carlyle's dream - two creditors have taken legal action against the co-operative and the government of Manitoba with respect to amounts owing to them by the Co-operative. The Attorney-General's Department is representing the government in these actions and this litigation is still pending.

Well, Mr. Chairman, you know, the Minister stands there and tries to shuck off his responsibility by saying that at some stage of the game the industry was irresponsible by saying that at some stage of the game the industry was irresponsible and left him with the problem in several of these cases of setting up co-operatives to operate the fishing industry. The fact of the matter is that this report I have just read you is a year out of date now, it's a year old, this is a report as of last March 31, 1975, and we need an up-dating at this point to find out whether or not, after we chop through the fog here, whether this department has in fact pulled up its socks and is running this business of these co-operatives and financing them in a fashion which the free enterprise sector that he's referring to could at least look at and say yeah, that's the sort of way that this thing sort of should be approached, rather than running it in this sort of a method that he keeps referring to as almost a, sort of this philosophical euphoria referring back to the Carlyle philosophy and get down to the facts of life of those that he is trying to pacify by saying that it is an enterprise based on the sound principles that all enterprises operate under.

And that is not the case. The case and fact of the matter is that it's being operated in a pretty haphazard manner, or has been up to this date, and we'd like some satisfaction in this House that the money being administered by the Minister, which we tend to think of as being the people's money, the people of Manitoba, vested to those 17 cabinet ministers over there for proper administration, that those people who have their money put on their table for expenditure are having it spent properly. And there seems to be little question that what is happening by this Minister is that he regards it not as that but as some sort of, amount of gift that he can use for the achievement of some sort of a personal philosophical goal rather than being the goal of telling the people of Manitoba, we are the stewards of your money, in a fashion such that you are going to get a return and we are going to be accountable to you and tell you how we spent your money. That's different, Mr. Speaker. It doesn't matter whether it's a co-op, it doesn't matter whether it's another business, or whether it's a government department. The Minister in particular, in using it in an investment type of way, which is the way he's using it in the co-ops referred to, in an investment type of way, has a responsibility to the people of Manitoba that exceeds the responsibility that he would have if he were to account back to them and tell them that I spent it in a fashion that is going to achieve for you some sort of social progress. This is not to be approached from the point of view of being a social program. Take the Minister at his word, this is an enterprise program. He's referred to it three or four times in his speech. Treat it as such and account to the people as such and show them that you're approaching it in that way.

(MR. CRAIK cont'd)

So, Mr. Chairman, we'd like to have a report on the activities of the last 12 months and advise the House where we stand and whether there has been an improvement in the performance of this department that can recommend itself to the public of Manitoba in a fashion that is somewhat better than the auditor's report of March 31, 1975.

MR. CHAIRMAN: The Honourable Minister of Co-operative Development.

MR. TOUPIN: Well again Mr. Chairman, I will attempt to relate to honourable members what's happening pertaining to funds that are administered directly or indirectly by the Department of Co-operative Development and the way we've been pursuing loans and loan guarantees that have been had indirectly by the Department of Co-operative Development, by the Loans Guarantees Board to Co-operatives. I'm glad that the Leader of the Opposition, Mr. Chairman, put the remarks on the record that he did. I'm very pleased; Pleased for several reasons that will be made known to the public of Manitoba. We're talking of over a quarter of a million Manitobans that are members, active members, over a quarter of a million Manitobans that are active in the Co-operative movement, and the government has not made more gifts to members of Credit Unions, members of Co-operatives of any other sector than it has to other people in financial businesses in the Province of Manitoba - And I can compare the results that we have here - table before the House - with any group of businesses we have in the Province of Manitoba, any group of businesses. If the Honourable Member wants to compare the fishermen that we attempted to help - and I'll get you a group of farmers in the Province of Manitoba that we've attempted to help with different programs, and the amounts of loans that have been repaid since 1971 from these groups of farmers to the Farm Credit Corporation; and the groups of fishermen here that were involved; and the nine co-operatives that were helped because of their requests. And the Department or the government is not operating these co-operatives, it's like a private business that went to an institution of the Crown seeking financial assistance, not in regards to a gift, in regards to a loan. I can tell the honourable member in case he doesn't know, that from 1959 to 1969 I administered a Credit Union. There were five loans that were brought to the reserve fund. Not one of them was lost, not one of them, in a period of ten years. And that same Credit Union had been founded in 1952. All the amounts were repaid. Can we say that of groups in society that go to credit unions, to banks, to assistance through the MDC, assistance through the Farm Credit Corporation, and have repaid in a period of five years, less than five years, this amount.

I wish the honourable member would listen to this because we're taking 29 co-operatives of literally hundreds in the Province of Manitoba right now, 29 that we've attempted to be of some assistance to, and we haven't to this day in question made a gift to the 29. Numbers of guarantees and loans issued since 1971, 29. Number of guarantees as of March 31st, 1976, four. Number of loans as of March 31st, 1976, one. Average amount of guarantees issued since 1971, \$101,000. Total guarantee as at March 31, 1976, \$142,500. Total loans as at March 31, 1976, 8,000. Total guarantees and loans since board was established - I'm not talking of 1949, I'm not talking of 1938, when the credit unions started in this province, I'm talking about 1971 - \$2,837,922. The total renewals and repayments since the board was established in 1971, \$1,303,872. Give me 29 comparable businesses in society that have been helped in obtaining financial guarantees through governments directly or through agencies of the Crown that have repaid that total amount of funds in a period of less than five years - the outstanding amount, \$1,383,550.

The honourable member can say what he likes pertaining to the government wanting to incite people to rid themselves of what is considered by some to have been private enterprise in the fishing industry in the northern part of our province. It was one sector of the private enterprise replaced by another. Obviously the fishermen in the north - and don't ask me, ask the members from the north - weren't satisfied with what they had. Yes, they did have fish. They didn't have the equipment to be able to fish properly. They didn't have the sources to sell their fish. They replaced that by a system where they would own their own equipment, where they would own their own processing plants, and would be involved in the selling of their fish to other Manitobans,

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(MR. TOUPIN cont'd)in other parts of the world. That's what they replaced it with. They didn't replace it by government. We're not running anything out there. They replaced it with their own agencies called the co-operatives. They are members, they own it, they decide their destiny. We made that possible - on their request. It's impossible to help someone that doesn't want to help themselves. You can pour all the money you want, it won't help them. But I'm willing, Mr. Chairman, to put this financial record record, in a period of less than five years, against any other group of businesses, comparable businesses of nine, as compared to this pertaining to the amount of guarantee and the amount of repayment in that period of time.

Mr. Chairman, the Federal Government offered support to those fishermen, yes they did, they offered \$250,000 support to them. What happened to that \$250,000? They reneged. They didn't give them one red penny, according to the information that I get from a northerner, that I believe in most cases better than someone from the south because he's been involved with fishermen. We promised them an equal amount because we did believe that having some type of incentive grant for those people was better than to pay them welfare. And we still believe that. We paid the \$250,000. That \$250,000 was paid. Now, are we only dealing with people that are considered again by some to be responsible directly to us as the provincial government, or are we talking about treaty Indians that are responsible to the Department of Indian Affairs. I'm certain, Mr. Chairman, that we helped all kinds of people that I considered to be Manitobans. And I consider that to be much better than having the stigma of being on welfare when you've got two strong arms, a good head, and wanting to help yourself. I'm not ashamed of what we've attempted to do in the last few years pertaining to those co-operatives in the north.

The main problems that I believe that fishermen have in the north is twofold. It's a problem of cost of transportation of the product and the price themselves, the price of fish that is actually being caught by fishermen in the north, and I believe that we as a government, jointly with the Federal Government, had to deal with those two major problems. We had to deal with the problem of transportation costs, of fish from the north, and certainly the price. The price increase that was announced by the Fresh Water Fish Marketing Corporation is certainly some help, but far from being adequate to meet the financial needs of those people living in the north and wanting to sustain their own needs without being supplemented by any level of government, whether it be federal, provincial, or municipal.

Mr. Chairman, I'm willing at any time, as I have in the past, to sit down with any member of the House, and certainly to sit down with the Provincial Auditor and deal with the problems that we have pertaining to those that we've assisted directly by the Loans Guarantee Board. I can tell you that the majority of loans that were made possible in the north were not made possible through the Loans Guarantee Board, or made possible through guarantees of the CCSM, which is the Central Organization for Credit Unions in the Province of Manitoba, and I have the list here. Now I don't see here in any other place where we had a guarantee from the Bank of Montreal, the Royal Bank, or from any other financial institution. It proves, Mr. Chairman, that there was a need spelled out that was able to be met by two agencies, two agencies that belong to the people of Manitoba directly, to the masses; CCSM that belongs to approximately 250,000 members, and the Loans Guarantee Board funds that people get through taxpayers, amounts that are voted in this House - guarantees - not gifts, guarantees, to the amount that I stated a while ago. CCSM, in a sense, has qualified in my humble opinion, I've worked with them for many years, to decide if it's financially feasible to guarantee without wanting to jeopardize the amounts that have been deposited in the Central Credit Union, and they've done so with the majority of co-operatives that I've mentioned a while ago, to the tune of \$1,537,000. And I'd like to applaud the CCSM for this financial participation, with other sectors of the co-operative movement. Because if we can't see that within that same family, it's very obvious that we will not get it from other sources. And it's high time that we in government recognized that the people that had decided to join together in a common bond to help themselves, not only in financial matters but in social development matters, do so within that family.

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(MR. TOUPIN cont'd)

Mr. Chairman, I'd like to go on and deal with other matters as we get to them on the agenda unless honourable members would like me to quote them figures, names of co-operatives in question, amounts that have been guaranteed, the number of co-operatives that we now have in 1976-77, for the fiscal year 1977, the equity of the members, the sale of fish, the supplies of sales, the pound fish produced. I can supply honourable members with those statistics if they so desire, and it'll indicate an improvement over previous years pertaining to the destiny of those fishermen that have decided to group together in a co-operative.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. CRAIK: Mr. Chairman, I want to clarify a couple of things first and then I want to come back to the major question of my earlier remarks. I want to first of all say that I think that the Minister somehow seems to be switching back and forth from the credit union aspect of his Estimates and the operation of the co-ops. If he wants to talk about the credit unions --(Interjection)-- Well, the credit unions are co-ops, he says, Mr. Chairman, I want to tell you that I have a pretty warm spot in my heart for both the co-op movement and the credit union movement. I've been involved as a founding member of a credit union some years ago and my wife was also secretary of the CCSM during the 1950s if the Minister wants to check back and check the credentials. I can tell you that I did know a little bit in those days about the CCSM and have known since a fair amount about the credit union because I have been a member of it and have had dealings with it off and on over the years right up until the present time. So you can't tell me anything about credit unions.

But I don't want you to confuse credit unions with the operation of the co-ops that are being used as the loss leaders for the operations of your department. I don't think the credit union movement nor most of the co-operatives that are operative in Manitoba are in fact going to take kindly to the vehicle of their existence being used for the propagation of your operations on a loss leader basis.

That's what the issue is all about in your Estimates, Mr. Chairman. The issue is whether or not the Minister has handled the money that is placed in his hands in a fashion that is acceptable to the people of Manitoba. Was the co-operative operation of his department being used as that vehicle? That is what is at issue. Not whether co-ops are a good thing or not; nobody's arguing that. Not whether credit unions are or not; that's another Estimate. That's not in these estimates, that's yet to come. We will talk about those on the next item. What we're after is some indication from the Minister that the losses expressed and articulated by the Provincial Auditor have in fact been rectified and in the last 12 months we can look forward to a better stewardship of the money in the Minister's hands than we did a year ago now. We have no way of knowing that unless the Minister comes forth in these Estimates and tells us that. And that's what's at issue. Not these rhetorical, philosophical ramblings of his about the credit union movement, but whether or not he can justify the stewardship of funds that is placed in his hands and has been expended through a number of these co-ops that are also within his department and have been used as instruments of government policy. That's the question that's at stake tonight.

MR. CHAIRMAN: The Honourable Minister of Co-operative Development.

MR. TOUPIN: Well Mr. Chairman, I thank God for the honourable member because he seems to know everything about credit unions and I don't and I've worked with them for over ten years, actively.

A MEMBER: The member didn't say that.

MR. TOUPIN: I still have a lot to learn about the co-operative movement, including credit unions, because credit unions are a sector of the co-operative movement. There's no other way that we can deal with credit unions. Otherwise they can't be considered as credit unions if they're not part of the co-operative philosophy and principle. That's why they were started in this province back in 1938. That's why they were started in Canada in 1901. That's why they were started in the States in 1906. That's why we had co-operatives in the Province of Manitoba that were led to the status that they are.

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(MR. TOUPIN cont'd)

The Honourable Member wants me to talk about other co-operatives not including credit unions. We'll leave credit unions for a moment and talk about other co-operatives. The number of co-operatives in 1974-75 - we'll talk about 24 different co-operatives and none of them are credit unions. Number of members, 2,280; assets, \$1,823,635; members' equity, \$564,206; fish sales, talking about fishing co-operatives - Fish sales \$1,943,330; supply sales, \$1,572,196; pounds fish produced, 4,650,211. Now the honourable member wants to talk about what we now foresee within the Estimates that we have before us: 35 such co-operatives; members 3,325; assets \$2,700,000 as compared to 1,800,000; members' equity \$997,500 as compared to \$564,000; fish sales \$3,500,000, as compared to \$1,943,000; supply sales \$3 million as compared to \$1,572,000; pounds fish produced 8 million as compared to 4,650,000. If that is not performance by those co-operatives then I wonder what is.

If they are not able to make a half decent living with this amount of pound fish produced in the north, something's wrong. I indicated to the honourable member, and I'm not advocating knowledge on all sectors of the co-operative movement, I'm saying that I see two problems, two major problems pertaining to our northern fisheries whether they be co-operative or non-co-operative. One being the transportation costs, the other being the price. I do believe sincerely that we have to sit down with other levels of government and deal with those two major problems otherwise, it'll be completely impossible, without subsidizing, whether they be again under the private sector or the co-operative philosophy, subsidizing the fishermen in question.

MR. CRAIK: . . . still hasn't answered the major question. That is the questions referring to specifically those co-ops that were reported a year ago to have been in very serious financial condition and owing substantially to the government for the moneys that had been loaned to them. I would like some sort of an indication from him as to the present status of those.

MR. TOUPIN: Mr. Chairman, I would like to refer the honourable Leader of the Opposition to my opening remarks pertaining to the co-operative fisheries in the north. I indicated there the percentage of inactive co-operatives, those that were active, those that were on a profit margin basis and I just stated the amount here as related to those co-operatives that have repaid part of their loan. Total guarantee and loan since the board was established, I indicated \$2,837,922; the amount that was repaid since the inception of the board itself in 1971, \$1,303,872; amounts left to be repaid, payable in the books, \$1,383,550.

MR. CRAIK: I wonder if the Minister can indicate if there's been any amounts out of or in addition to the amount owing, \$1,383,000, are there any amounts that have been written off?

MR. TOUPIN: No, Mr. Speaker.

MR. CRAIK: . . . indicated, \$1,383,000. Has there been a figure attached to those that are not likely to be collected?

MR. TOUPIN: Not exactly, Mr. Chairman. I could attempt to obtain that figure for the honourable member.

MR. CHAIRMAN: The Honourable Member for Ste. Rose.

MR. A.R. (Pete) ADAM (Ste. Rose): Thank you very much, Mr. Chairman. As I listened to the debates that have proceeded up to this time and listening to comments from members from the opposite side of the House, their comments relating to the problems faced by the fishermen of the north, I want the honourable members to know that there is no difference between the co-ops in the north or those fishermen who are fishing on an individual basis.

I can speak with some experience on the fishing industry because I was involved in it for approximately 35 years as a commercial fisherman, as a fish buyer, private enterpriser. I'm well aware of the conditions of the inland fishing in this province as well as in the Provinces of Saskatchewan and Alberta. I also have some knowledge of what takes place in Ontario. Listening to the members it's obvious that they are unaware that the inland fishermen of Manitoba have to compete with the fishermen who are fishing

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(MR. ADAM cont'd)on the Great Lakes and that production is close to the export market and it's a big production. Until those seasons on those Great Lakes are closed or until production reduces on those lakes, there is little market for the fish that is produced in Manitoba, Saskatchewan, and in Alberta. The fishermen in the north will be faced with the problem of the remoteness of the area - aside from all the social problems that they face - the remoteness, no transportation no communication, no facilities of getting parts in for their machines whether they fish in the summertime or in the wintertime, difficulty and high costs of getting food into those remote areas, to those inland lakes. The escalation of cost of equipment, particularly the gill nets that they require to fish, the outboard motors if they fish in the summertime have gone up tremendously. The nets themselves I can recall we used to be able to purchase forty fathom gill net for about \$3.00 or \$4.00. Today they're at least \$22.00 and higher, perhaps nearer to \$30.00.

So if the honourable members opposite have any notion that you can organize a co-op or even any individual fisherman in the north it's going to be very difficult to make it viable unless the province and the Federal Government is prepared to subsidize some of those extra costs that will enable those fishermen in the north to be able to compete with those fishermen on the Great Lakes who are only a short distance from the New York market.

These are some of the problems that are faced by fishermen and that's not the only problem. They have problems even with The Unemployment Insurance Act as it is now set out. Under The Unemployment Insurance Act they must have their claims in for unemployment benefits by March 31st. I can tell you it's almost an impossibility for the fishermen, particularly on Lake Manitoba, to get their claims in by March 31st because they're fishing until March 31st. They have to get their fish to market. It may take them two or three days to get that last day's production to market. Before they can get their bills back and their separation slip, a week might have gone by and they're disqualified. When they come to apply they are disqualified because they are late in filing. These are some of the problems that are faced by inland fishermen, not only this province, because The Unemployment Insurance Act was apparently designed to accommodate the fishermen on the east and west coast of our country.

I can say to the honourable member that we would like to see viable industry in the north. But if you want to use that as a basis, the co-ops that have failed because of all those problems that they are faced with, the high costs involved, and the competition they face by the Great Lakes, if you want to compare all those things that are against the industry and compare that to all the failures, the bankruptcies that take place right across this Canada of ours, our country, the record in the north will be very good. Because there are thousands and thousands of businesses that fail in Canada every year, free enterprisers, where they're right on the market. There's thousands of them that fail. So when you go into depressed areas in the remote parts of our province and hope that you are going to achieve success in every venture - and I know the philosophy of the members opposite. If you spend a buck you've got to make a buck and a quarter. Well that doesn't work in the south 100 percent of the time and it's not going to work in the north 100 percent of the time.

MR. CHAIRMAN: The Honourable Member for Rock Lake.

MR. HENRY J. EINARSON (Rock Lake): Mr. Chairman, we've listened to quite a lecture from the Member for Ste. Rose and you know, Mr. Chairman, he rather gave me the impression that my leader was trying to tell the Minister of Tourism and Recreation that it's a very serious situation when we talk about the fishermen and that we don't agree with the fishermen getting financial assistance. Fishermen are a type of farmer in the Province of Manitoba and I don't think, for the time I've sat here listening to the debate this evening, there's no way that any one of my colleagues or I object to fishermen applying for loans and getting assistance whether it be through the Co-operative Loans and Loans Association or any other organization - financial institution I should say.

Mr. Chairman, I think that the Minister indicated that there are two problems. He was going in all directions and evading the issue for quite a long while until my leader finally got him to zero in on what he was really talking about. Not our credit unions at

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(MR. EINARSON cont'd)all. This isn't the subject matter at hand that we're debating. If the number of people who decided to band together to form a co-operative in this way, as I'm given to understand it - I haven't been up into the north to really visit a fishing co-op to see how it's operating, I have to rely on the information I receive from the Minister and through this Chamber in order that I'm able to assess the situation Mr. Chairman, in dealing with the Auditor's Report - as my leader indicated it's almost a year old now. I would like to get to some of these organizations more specifically and ask the Minister.

I use the first one here on the report where it refers to the Crane River Feedlot Co-operative. It seems to me, if my memory serves me correctly, we have been hearing about that particular organization for the last several years. I would like to ask the Minister if this is a reservation of Indian citizens who formed a co-op? Are they situated on a reservation? Also I would like to know what is the situation now at the present time? It states in the report that it was put into the hands of the RCMP to investigate. It must be in rather serious troubles and I would like to know from the Minister if he could explain to us just what is the situation in regards to that co-op at the present time? Have they been able to salvage the money that they've loaned this organization? If the Minister would like to answer those questions we could pursue further.

MR. TOUPIN: Mr. Chairman, first of all I'd like to thank the Honourable Member for Ste. Rose for his comments. I was aware of his involvement in the field of co-operatives and his knowledge of the north. He not only has been involved personally in the north but equally on the Task Force that we had in the north and has always been able to contribute to some of the . . . in society from different parts of the province.

The Member for Rock Lake is posing a question pertaining to the Crane River Feedlot Co-op which is in Receivership. The RCMP is investigating same now and I'm not in the position to relate information at this time on this particular co-operative.

MR. EINARSON: Mr. Chairman, I asked the question also of the Minister: are these Indian people on a reservation? The reason I asked that, Mr. Chairman, is because I think there's a significance here and depending on the answer I get we'll pursue this.

MR. TOUPIN: The majority I'm informed, Mr. Chairman, are Treaty Indians off the reserve and I'm wanting to correct myself in my previous statement. It's not the co-op itself that is under investigation but individuals that were forming part of the co-operative. It's one and the same in a sense because we're talking of individuals involved in the co-operative. The liquidation of the co-operative, which is subject to a provision of The Act, is not complete. But the majority of members would be Treaty Indians.

MR. EINARSON: Mr. Chairman, then this does raise an interesting point. Because if this Crane River Feedlot is situated on an Indian Reservation this comes under the authority and jurisdiction of Indian Affairs in Ottawa and I'm wondering why is the Provincial Government involved here? Why have not the people of this particular reservation made application to the Federal Government for assistance? I have a reservation in my own constituency and they have taken advantage of the many areas in which they could get LIP grants, PEP grants and various other loans to assist them to get into the cattle business, to get into the hog business and so on. I'm wondering what's the Provincial Government involved in this particular operation for?

MR. TOUPIN: Mr. Chairman, this is common practice in a lot of fields as the honourable member is certainly aware. I can recall different ventures that we undertook in Health and Social Development, as an example, where Treaty Indians were involved and there was a joint responsibility in sharing of organizational costs. If there was a failure of the group to actually perform well, there was equally a joint responsibility pertaining to the sharing of the liquidation itself. This is certainly the case in regards to the Crane River Feedlot. The Treaty Indians in question called on the Department of Co-operative Development to be of assistance; the Co-operative Development officials with people from Indian Affairs were involved in helping them organize. Both are now involved pertaining to the review, the liquidation of same, and both will be probably involved in the final onslaught, if we can call it such, in regards to whatever action has to be taken in the liquidation process.

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MR. EINARSON: Mr. Chairman, I want to make sure that I follow the Minister correctly. Do I understand then that the amount of money here, \$100,000, that was loaned, has a portion of that been loaned by the Federal Government and if so how much?

MR. TOUPIN: Mr. Chairman, I'm informed that it was a loan guaranteed directly. There wasn't a sharing in the loan guarantee. But there is a sharing in the liquidation, I'm informed. They equally put funds directly, that is Indian Affairs, in regards to the organizing of the co-operative and the operating costs of same.

MR. CHAIRMAN: The Honourable Member for Roblin

MR. McKENZIE: Mr. Chairman, I just have two or three questions. I wonder if the Minister couldn't get us more updated. This Report on Co-operatives is 1974. It's just a little bit outdated I think for us to deal with it at this time. Is the 1975 one not available?

MR. TOUPIN: Mr. Chairman, first of all there was no requirement, as the honourable member knows, to table any report. It wasn't done last year and because of the varying year-ends of co-operatives it wasn't possible to give the 1975 statistics in this report.

I've indicated in my opening remarks that I'll have a more complete report for members of the House during the next Estimates pertaining to all co-operatives.

MR. McKENZIE: One more question, Mr. Chairman. This is from the Fourth Annual Report of the Co-ops Loan and Guarantee Board and the list of loans that's listed there. Are any of those loans in arrears? This is of March 31st, 1975.

MR. TOUPIN: Mr. Chairman, I indicated that a few minutes ago in answer to the Leader of the Opposition.

MR. CHAIRMAN: Resolution 44(a) - the Honourable Member for La Verendrye

MR. BANMAN: Thank you, Mr. Chairman. I'd like to just touch briefly - and the Minister mentioned in his opening remarks when he was introducing the Co-operative Development Department - with regards to the co-op housing, the Sweat Equity Program that he mentioned. I understand that in my particular riding I think there was a group formed in Ste. Anne where four families got together and formed a co-operative and built their homes that way. I'm wondering if the Minister could tell us, No. 1, if there is any type of incentive as far as a grant that goes to people that get involved in this program. I wonder if he could tell us how the financing is raised? Is it done through caisses populaires or credit unions, are they trying to get something going along that line? Again, if there is any type of assistance other than the assistance given by the department to help these groups incorporate. Is there any assistance that is being given to them as they progress through the stages of building their own homes?

MR. TOUPIN: Mr. Chairman, first of all the Sweat Equity Co-operative formed in Ste. Anne that involved, I believe, about a half a dozen families was not given financial assistance by the Department of Co-operative Development or the Loans Guarantee Board itself through a loan guarantee. They received the guarantee on their loan through the local credit union.

There is assistance being had through the Department of Co-operative Development for incorporation and some assistance in organizing the co-operative in question, whether it be a Sweat Equity Co-operative concept or whether it be the ordinary building co-operative as we've known it up till now. In most cases the financing would come from local credit unions, caisses populaires or from the respective centrals.

MR. BANMAN: I think that's a point of clarification that possibly some people weren't aware of - and I thank the Minister for that - that there are no grants as such available to this type of a program because I can see the merits in people who want to build their own homes, who want to do their own painting, who want to do a lot of their own work. I think this is one of the problems that we face today with the housing shortages. We have too many people who want to move into a fully furnished home with everything done, the landscaping and everything done, and that of course adds to the cost of the home.

As I mentioned I'm happy to see that there are no grants available because I've had some enquiries along that line and I thank the Minister for those remarks.

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MR. TOUPIN: Mr. Chairman, I indicated possible sources of financing or guarantee of loans as being the local credit unions or central credit unions. Co-op Trusts has played a role equally in this field and I'm informed that they will equally. The Federal Government, through their Assisted Home Ownership Program is equally participating in this formula as they are under different other formulas to construct your own home. We offer, like I indicated, technical assistance through our officials and MHRC in some cases is equally involved pertaining to making land available.

MR. BANMAN: Just by way of clarification. The technical assistance that the Minister refers to, is it technical assistance of setting up this particular co-op? Not in the development and the construction of anything. These people are on their own when it comes to that. The thing that I'm getting at is if a group of people do form this particular co-op and half of them decide to sell their home six months after they built it and make some money on it, there's no government funding or anything that they can take advantage of. It's just a matter that they have been set up under the terms of reference or the corporation that they set up and that's the only technical assistance or any assistance that they receive on this matter.

MR. TOUPIN: Well it goes a bit further than that, Mr. Chairman. In regards to technical assistance, yes, we do give technical assistance for incorporation of those types of co-operatives. We do have a qualified carpenter on staff that would assist some individuals to learn how to cut their own rafters. I had to go around town for a couple of days when I first built my first home and we felt that this was some type of assistance that could be helpful in the sweat equity system.

MR. CHAIRMAN: Resolution 44(a)--pass; 44(b) Other Expenditures --pass - the Honourable Member for Roblin.

MR. McKENZIE: I'd like a breakdown of (b) please.

MR. TOUPIN: Mr. Chairman, I'm informed that in this area of \$332,100 we have approximately 30 people involved and the responsibility would be the training of individuals on different co-operative boards and committees. The travelling costs would be mainly because of distances in the north. I can supply the honourable member with more details but when you take approximately 30, the salary of 30 individuals and related cost of travelling and expenses, it would come pretty close to the amount. We don't see that hefty of an increase over last year in this section either.

MR. McKENZIE: The other part then, those 30 people - there some 20 staff in the co-op section of the department. They're not included in those 30?--(Interjection)-- No. Fine.

MR. CHAIRMAN: Resolution 44(b)--pass. Resolution 44: Resolved that there be granted to Her Majesty a sum not exceeding \$809,100 for Co-operative Development --pass.

Resolution 45 Credit Unions: (2) Inspection (1) Salaries--pass - the Honourable Member for Roblin.

MR. McKENZIE: Mr. Chairman, I'd just like to know does the auditors do inspections of the credit unions at the same time or is it two different groups, one do the co-ops and the other the credit unions?

MR. TOUPIN: Mr. Chairman, we've delegated the responsibility of auditing to the two centrals - not to the two centrals, I'm sorry, to the two stabilization funds. We do a checking of operations of co-operatives and we do have inspectors, nine inspectors for that purpose.

Possibly I could give the principle objectives of this section, Mr. Chairman. These include the safeguards of members' funds in the credit unions and caisse populaires by providing a thorough inspection program for all such organizations, assisting boards of directors in their administrative function, assisting management in carrying out their management responsibilities and facilitating the overall development of credit unions and caisse populaires in the Province of Manitoba.

The program Organization and Activities. This program is carried out by the Credit Union Branch, staffed by a Director of Credit Unions, one chief supervisor and eight credit union supervisors. Since the first credit union legislation appeared in

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(MR. TOUPIN cont'd) Manitoba, the Co-operative and Credit Union Services Branch and now the Department of Co-operative Development have provided an examination program to credit unions. This program is based on the statutory responsibility given the Supervisor of Credit Unions under Section 72 of The Credit Unions Act, by examining or causing to be examined the business of each credit union and satisfying himself that their operations are in accordance with this Act and every other Act or law applicable.

Developments of recent years, 1973-74, have caused a serious review of the conduct of the audits and examination of credit unions. Over the years credit unions and caisses populaires have maintained by their very structure a degree of excellency of service to their membership. Although in numbers, credit unions and caisses populaires have reduced from the highest total incorporated of 257 in 1971 to a total now of 191 corporations still in existence, they have considerably increased their size, influence and sophistication.

In view of the above and upon joint initiatives the department, both central organizations and both stabilization funds, a task force was formed to review the fundamental terms of reference for restructuring the Audit and Examination program to allow for a higher degree of responsibility to the credit union movement in the matters of audits of credit unions in the province. Although there's been a reduction, Mr. Chairman, in the number of credit unions, there has been a hefty increase in the members in the Province of Manitoba, well over 250,000.

MR. CHAIRMAN: 45(a)(1)--pass; (a)(2) Other Expenditures--pass; (b) Audit, Salaries \$51,000--pass; Other Expenditures \$12,700--pass; Resolution 45: Resolved that there be granted to Her Majesty a sum not exceeding \$239,500 for Co-operative Development--pass.

Resolution 43(a) the Minister's Compensation. Salary and Representation Allowance--pass. Resolution 43: Resolved that there be granted to Her Majesty a sum not exceeding \$410,300 for Co-operative Development--pass.

Committee rise.

COMMITTEE OF SUPPLY - MUNICIPAL AFFAIRS

MR. CHAIRMAN: Order please. We have a quorum, gentlemen, the committee will come to order. I would refer honourable members to Page 44 in their Estimates Books. Resolution 92, Municipal Board (a), Salaries, the Honourable Member for Birtle-Russell.

MR. GRAHAM: Well, Mr. Chairman, I had been asked by some people who want to cover the recordings of this committee to hold the thing until they got here, so the best way I know of holding anything is for me to speak because. . .I see she's now present here, so, Mr. Chairman, let's proceed.

MR. CHAIRMAN: Resolution 92(a) pass; 92(b) Other Expenditures --pass; the Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Chairman, the Municipal Board has been making a few little noises throughout the province with the holding of various hearings. I would like to ask the Attorney-General, has the Chairman of the Board now been appointed a full-time chairman?

MR. CHAIRMAN: The Honourable Minister.

MR. PAWLEY: No, not yet. Mr. Chairman, Mr. John Acthim who has been for many many years the secretary of the board is presently acting as Acting Chairman of the Municipal Board. It may very well be that Mr. Acthim's position will be made permanent.

MR. CHAIRMAN: The Honourable Member for Birtle-Russell.

MR. GRAHAM: Well, Mr. Chairman, the Municipal Board does serve quite an important function in various municipal activities and I would hope the Minister of Municipal Affairs would consider the appointment of a full-time chairman as soon as possible. I know that those that have to go before the board I think it would make them feel a lot easier if they knew that the chairman had been appointed full-time and was not just in an acting capacity.

MR. CHAIRMAN: The Honourable Minister.

MR. PAWLEY: I think I could say to the honourable member that it would be our intention to appoint a full-time chairman within the next two weeks.

MR. CHAIRMAN: Resolution 92(b) pass; Resolution 92, Resolved that there be granted to Her Majesty a sum not exceeding \$163,500 for Municipal Affairs--pass.

Resolution 93. Municipal Budget and Finance (a) Salaries--pass. . .

MR. GRAHAM: Dealing with the. . .

MR. CHAIRMAN: Is the honourable member speaking to (a) or (b)?

MR. GRAHAM: With Municipal Budget and Finance, does this, I guess it's further down dealing with local government districts.

MR. PAWLEY: . . .section, local government districts. . .

MR. CHAIRMAN: Resolution 93(b) Other Expenditures--passed; Resolution 93 (c) Grants to Municipalities in lieu of taxes, the Honourable Member for Pembina.

MR. HENDERSON: Mr. Chairman, where the government has bought land that they're going to use for parks and that, I'm told that they don't pay any taxes to municipalities and they don't receive any grants in lieu of this. Is this right?

MR. CHAIRMAN: The Honourable Minister.

MR. PAWLEY: Yes, that is true, Mr. Chairman. Government pays full grants in lieu of taxes in government buildings on developed land but on parks, no; or highways. What we are doing at the present time is preparing an inventory within the department to ascertain in what areas full grants in lieu of taxes are being paid and what areas they are not being paid, because we think that it's time for a complete study as to payment of grants to municipalities in lieu of taxes, to ascertain whether or not the practice is consistent throughout insofar as our procedure of payment of grants.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. HENDERSON: I presume the amount of land that you have bought up this way is increasing every year. Is that right?

MR. PAWLEY: For parks, I would not think there would be too much, not a significant amount each year insofar as park purchases.

MR. CHAIRMAN: The Honourable Member for Virden.

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MR. MCGREGOR: Yes, just to follow up the Member for Pembina's question. This is so in my municipality where they are being bought up for wildlife sanctuaries, is that what you are thinking of as parks? This is not in the most productive area but still it's one that the municipality, you know, have been receiving a fair chunk of tax dollars and now are not - and I'm thinking of that area west of the Assiniboine in municipality.

MR. PAWLEY: Mr. Chairman, there are no grants paid in the wildlife sanctuary areas.

MR. MCGREGOR: They're all the same, all right.

MR. CHAIRMAN: Resolution 93(c). The Honourable Member for Birtle-Russell.

MR. GRAHAM: I'll let the Member for Arthur go first.

MR. CHAIRMAN: The Honourable Member for Arthur.

MR. WATT: There's an increase here in grants to municipalities in lieu of taxes, an increase of approximately, well in excess of a million dollars. What does this comprise, is this grants for new land acquired by the province that is not within provincial parks or wildlife sanctuaries, or is it an increase in the grants on present land held by the province?

MR. PAWLEY: Mr. Chairman, the additional increase, the increase would be reflected in the additional mill rate and additional assessment in the same way as a resident finds that his mill rate increases and his assessment is increased as a result of the assessment, that his taxes increase in the same way the province's contribution to municipalities increases because of these factors.

MR. WATT: The grants then are related to a change in assessment of land values? The lands held by the province are they assessed on the same basis as privately owned land?

MR. PAWLEY: Yes, they are assessed on the same basis. And the honourable member will recall that was back in 1971-72, that the ceiling which up until that time was imposed, that the province would not pay in excess of five percent of what, of a sum of money which represented the total taxes payable within a municipality, relating to its assessed properties within that municipality, that ceiling was removed so that the province now pays full taxes on all land and buildings within those categories with the exception of the parks in the other instances referred to by the Honourable Members from Virden and Pembina.

MR. CHAIRMAN: The Honourable Member for Arthur.

MR. WATT: No, that's it on that. . .

MR. CHAIRMAN: The Honourable Member for Birtle-Russell.

MR. GRAHAM: Well, Mr. Chairman, we now know that land that is purchased for wildlife management will not be considered for grants in lieu of taxes to municipal corporations. I consider this to be of serious concern to some of the municipalities. I know there is one municipality in my constituency where there were repeated offers made to purchase land, I believe a sum total in one year was almost equivalent of 15 sections of agricultural land that the government attempted to purchase, supposedly to maintain for wildlife habitat. If a municipality were to lose 15 sections of agricultural land out of production and out of the taxation picture, would that have a significant impact on the rest of the taxpayers in the municipality?

MR. CHAIRMAN: The Honourable Minister.

MR. PAWLEY: Well, Mr. Chairman, that could occur. Now in most cases our experience would be that the land purchased for wildlife sanctuaries is of such a nature that it's very low assessed land, generally low and swampy and is poor land compared to the average land within the municipality. But if, for instance, too large a chunk of this land is taken off the assessment rolls, then it is not beyond the bounds of reason that it could create some difficulty, and that's the reason that at the present time we're doing a complete study and analysis inventory in order to ascertain whether or not we should be re-examining provincial policy pertaining to payment of taxes on some of these lands.

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MR. GRAHAM: Mr. Chairman, I think it is basically a philosophy of municipal corporations that they endeavour to accommodate government wherever possible, but I know in this one particular case, the municipality was quite concerned and I suggest quite justifiably concerned about the loss of an acreage of that size from the tax rolls of the province. And I also suggest to the Minister, that that consideration might very well influence the thinking of the various municipal people and could affect the actual sale of the land, while the municipality might want to really accommodate the government and go along with their plans because of the impact it would have on their taxation picture, it might significantly influence their decisions. So I suggest to the Minister very strongly that where affairs of this nature or offers to purchase of that magnitude are being encountered, I would sincerely hope that the decision made by the municipal corporations involved is not maybe reflecting their true feelings because they realize that through economic necessity, if they're not going to get grants in lieu of taxes that they may have to make decisions which normally they would not be making, so I hope that the Minister takes that into consideration when he considers the decisions that are made by the municipal people.

MR. CHAIRMAN: The Honourable Minister.

MR. PAWLEY: Mr. Chairman, if the honourable member would like, I know there have been instances when we removed the five percent ceiling that I made reference to earlier in 71-72, we did have instances in which some municipalities due to heavy concentration of government buildings within their municipalities were certainly working at quite a disadvantage. For instance, in the case of the old Municipality of Fort Garry prior to the formation of the City of Winnipeg, I believe it was 1.7 million dollars of assessment, if I remember correctly, and they were receiving taxes on only approximately \$300,000 of that 1.7. The same thing with Selkirk and The Pas and Portage la Prairie; they were receiving much less than what they should have. Now in the case of swamplands used for wildlife sanctuaries, I know of no situation that comes to mind quickly where this would work a significant burden on a municipality because of the very low nature of assessment that's involved in such lands. The honourable member would be assisting us if he indicated which municipalities he would have in mind because it would be very pertinent to the type of study survey which we are doing at the present time.

MR. CHAIRMAN: The Honourable Member for Birtle-Russell.

MR. GRAHAM: First of all, I think there should be a correction of maybe a misunderstanding on the part of the Minister. He is operating I believe under the assumption that only swamplands are being purchased.

MR. PAWLEY: Marginal lands.

MR. GRAHAM: And I suggest to you, Sir, that that is not the case, that in some cases offers are being made to purchase very lucrative agricultural lands for the purpose of wildlife management, and maybe the intentions of the initial program was such that you were only intending to purchase swamplands and very low assessed lands, but I ask you then if that is the intention, then perhaps the government should check what actually is taking place in those offers to purchase, because it is my understanding, Sir, that in some cases it is highly productive agricultural land that is being purchased for wildlife management.

MR. CHAIRMAN: The Honourable Minister.

MR. PAWLEY: Mr. Chairman, I think that the honourable member has in mind some examples, and probably this question should be posed to Renewable Resources. To our knowledge the only instance where soil types 1, 2 or 3 would be acquired for renewable resources purposes, would be when it would be completing an existing unit of purchase, say where there were 320 acres involved in the purchase and 250 of them were low lands and then just a spillover of remaining lands which was of a nature that would be classified the higher soil types. Secondly, if the honourable member produces such an example, this is evidence probably of the need for some of the machinery that has been developed within the new planning legislation by which not only the municipalities but the province is expected to co-ordinate their land use program, because there's no way that full units of land, soils types 1, 2 and 3 ought to be purchased for wildlife sanctuaries. No way that it should be purchased, if it is.

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MR. CHAIRMAN: The Honourable Member for Birtle-Russell.

MR. GRAHAM: Well, Mr. Chairman, then I suggest again to the Minister that perhaps the program, while it may be well intentioned, had better be checked very thoroughly for what is actually taking place in the field. The Minister asked for examples and I can refer him to a hearing, a Land Use Committee hearing that was held in Brandon, I believe, a year ago when the Rural Municipality of Birtle presented a brief at that time, and I believe at that time the municipality stated that offers had been made to purchase 61 or 62 quarter sections of land under Part III of the ARDA agreement for wildlife use. At that time it was also a concern, because if you will note, Mr. Chairman, that in all the government releases, particularly by the Minister of Agriculture in the purchase of agricultural lands he has been very careful to state that he is referring only to the land purchased by the Manitoba Agricultural Credit Corporation. The total land purchases by the Government of Manitoba, I suggest, Sir, are considerably greater and that is the reason why I filed an Order for Return the other day which the government has accepted. I sincerely hope that that Order will be complied with as expeditiously as possible.

MR. CHAIRMAN: The Honourable Member for Virden.

MR. MCGREGOR: Mr. Chairman, what about - and I'm thinking of not swampy land, but rather marginal land up on top of the valley? I can name Archie and Wallace Municipalities as the two ones that are of my concern. There is PFRA pastures along in that same area. Are their taxes paid from Ottawa?

MR. PAWLEY: I'm afraid we are unable to indicate that to you.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Chairman, I think the member would probably appreciate to know that the charges levied against the livestock owners are partly towards the local taxes, so that they are covered in the fees that are charged.

MR. MCGREGOR: A further question then. Back on to the wildlife sanctuary. Some of these half sections and sections have been purchased in the last year. The people are still farming it; the government owns it. While it's still not a sanctuary, does the government indeed then pay taxes to the municipality until such time as it comes into the plan?

MR. PAWLEY: It is my understanding they do receive full taxes on land leased back.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: I gather that the member is addressing a question with respect to lands other than MACC.

MR. MCGREGOR: Yes.

MR. USKIW: Where lands revert back to the Crown, other than community pastures, then of course there is no tax collected by the local government in that area on that parcel of land. Where it's bought by MACC and leased back then of course the normal taxes apply and the lessee pays the taxes through the MACC.

MR. MCGREGOR: Yet it has been purchased for the purpose of a wildlife sanctuary some year or two down the road.

MR. USKIW: Mr. Chairman, that's correct. Where it's involving wildlife interests there are no taxes as far as I'm aware. Where it involves agricultural lease backs there are taxes paid even on Crown Land leases under the Crown Lands section, other than MACC, there are taxes levied.

MR. CHAIRMAN: The Honourable Member for Arthur.

MR. WATT: Mr. Chairman, I ask the Minister, is it not correct that land that isn't taken over for wildlife may not be leased back.

MR. PAWLEY: Most of it probably not leased back but there might be portions that would be leased back on the peripheral of the wildlife area.

MR. WATT: I think that according to Hansard this is not correct, according to the Minister of Mines and Natural Resources. I refer to the Municipality of Cameron where recently land has been bought and put into a wildlife sanctuary and cannot be leased back to the farmer that it was bought from. Now this is productive agricultural

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(MR. WATT cont'd). . . .land. It was not arable land, it's grass land.

One particular farmer had a quarter section that he sold with the understanding that he would have it leased back to him. But he could not get a lease back on it and now it stands in the wildlife sanctuary. He was carrying 160 head of cattle on this quarter section of land. I'm just wondering - you made the statement a few minutes ago, Mr. Minister that there would be a review of these areas where a block of land has been bought and where probably there was agricultural land involved. --(Interjection)-- I didn't say it was marginal land, I said it was productive hay land.

MR. PAWLEY: Mr. Chairman, let me just emphasize that where the land is leased back insofar as the province is concerned, as far as the province is concerned we do pay 100 percent grant in lieu of taxes insofar as the province is concerned any lease backs or any other Crown lands leased back.

MR. CHAIRMAN: Resolution 93(c) - the Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Chairman, I understand that under the lease backs there are several types of option open. Now under some lease backs the farmer can crop the land and has to leave a portion for wildlife. He may even have to swath it and leave it there for the ducks and this happens in some cases. There are many different types of lease backs. In some cases I believe there are no lease backs, but a farmer is actually paid to go in and do the work on it. Can the Minister give us any indication of the variety of options that are open in the Wildlife Management Program. Mr. Chairman, we're not off base because we're talking about the moneys that are accruing to the municipality in lieu of taxes. It is an important matter and can have a significant bearing in the taxes paid to the total municipalities.

MR. CHAIRMAN: The Honourable Minister of MPIC on a point of order.

MR. URUSKI: Mr. Chairman, I realize there has been considerable latitude in discussing the Estimates of the Department of Municipal Affairs. But we are now discussing not only the departmental Estimates of the Department of Agriculture dealing with Crown land leases, but as well the Department of Renewable Resources and Transportation Services dealing with the various Crown land leases dealing with lure crops and wildlife management and the like. The honourable members, if I'm not mistaken, have had the opportunity of debating and have approved the Estimates of both those departments.

MR. WATT: Mr. Chairman, on the same point of order.

MR. CHAIRMAN: The Honourable Member for Arthur on the same point of order.

MR. WATT: We're discussing now grants to municipalities in lieu of taxes and it covers all land that is in the possession of the province.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: On the same point of order. As I understand the reference in the Estimates, it has to do with the policy of the government wherein we are now paying full taxes on all of our buildings and properties throughout Manitoba but not the properties mentioned by the Member for Birtle-Russell, namely land reverting back to the Crown through alternate land use purchase programs for wildlife programs. It has to do with buildings, such as mental hospitals, institutions, public buildings of all sorts that are now fully assessed and that's really what the six million is all about. It has nothing to do with the programs under wildlife.

MR. CHAIRMAN: Order please. The Chair has been willing to give members a certain amount of latitude, but I would request that members restrict their comments to areas that are strictly within the purview of the Minister of Municipal Affairs and not to stray into other departments. The Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Chairman, I'll try and be very specific. My first question: does the government pay any grants on MACC land to the municipalities?

MR. PAWLEY: The government doesn't pay but certainly the farmer who is renting from MACC pays full taxes to the municipality.

MR. USKIW: Through the MACC.

MR. PAWLEY: Yes.

MR. GRAHAM: Now, Mr. Chairman, my second question. Where no lessee of MACC land exists, does the government pay grants in lieu of taxes?

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MR. CHAIRMAN: The Honourable Minister.

MR. USKIW: Yes, there are full taxes paid for every taxable year whether that land has been leased or not. If it is not leased it's paid by the Corporation for that year. Someone has to pay it.

MR. GRAHAM: Mr. Chairman, does the government pay any grants in lieu of taxes where land is leased back that has been purchased for wildlife management?

MR. PAWLEY: Yes, if there is a lease back it is my understanding that we do.

MR. USKIW: I'm wondering whether the member would clarify, does he mean leased back for agricultural purposes?

MR. GRAHAM: Yes.

MR. USKIW: In that event it would revert to Crown lands which is handled by my department and up until this point in time a third of the total fee was a tax refunded to the municipalities by the department. As of this year there will be direct assessment in which case the taxes will go directly to . . .

MR. GRAHAM: There will be direct assessment. Where there is a lease back with a portion of the crop to be maintained for the wildlife, would whatever money that is accruing in that lease, would the one-third still revert to the municipality? It would have to be a reduced lease if they are going to have to leave a portion of the crop for wildlife use.

MR. CHAIRMAN: Order please. I have requested members to confine their questions and their comments to the Department of Municipal Affairs. Order please. Order please. The member is attempting to ask questions of the Minister of Agriculture which are plainly out of order. The Honourable Member for Birtle-Russell.

MR. GRAHAM: I am attempting to find out how much money the municipalities will receive in grants for land that is being used for various purposes. I think it's a fit and proper question to be raised at this time. — (Interjection) -- All right, if you will tell me how much, I'll be quite happy.

MR. CHAIRMAN: Resolution 19(c) - the Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Chairman, I can read probably better than the Minister of Corrections can read and I would also say to the Minister of Corrections if he wants to know something about farming maybe he'd better sit down and listen.

MR. CHAIRMAN: Resolution 93(c)--pass; Resolution 93(d) Unconditional Grants Act, it's a nil appropriation--pass. The Honourable Member for Arthur.

MR. WATT: I wonder if the Minister could indicate to us just how much this will amount to under the new arrangement. We note here that it comes under the 1976-77 Unconditional Grants and will be . . . revenue and so forth.

MR. PAWLEY: Mr. Chairman, the amount will be in excess of \$17 million under this item for this year, compared to 13.419 which was the case last year under the old system.

MR. WATT: May I ask the Minister then: this amount then could fluctuate from year to year according to the amount of income tax paid.

MR. PAWLEY: Yes.

MR. WATT: It is not a fixed grant.

MR. PAWLEY: Right. The advantage of this system in contrast to the old system is that municipalities now benefit from growth taxes in the same way that senior levels of government benefit from growth taxes. So that as the economy improves and more money is received income and corporate income tax-wise, then the municipalities receive additional share due to that growth. I think, Mr. Chairman, I should mention that this is an innovative feature insofar as Manitoba is concerned, that we are, I believe, still the only province that has launched this type of program that ties grants into growth taxes. The old system which was based upon a fixed per head grant often would remain static for a period of years and only be increased periodically, not reflecting the improvement in the economy. So that this is the beginnings of a new principle which has been adopted by the province to assist municipalities, to share economic growth with them, and hopefully can be improved upon in the future.

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MR. WATT: Mr. Chairman, may I ask the Minister then, would this not be a type of bust or bloom sort of a program? For instance, my understanding is that the Minister made a statement to the Convention of the Municipal Clerks about a week ago that the Unconditional Grants would this year be somewhere in the area of \$13.00 per capita.

MR. PAWLEY: I thought it was \$15.00 basic.

MR. WATT: Is that a basic grant?

MR. PAWLEY: Yes, the statement was a basic grant of \$15.30 per capita this year.

MR. WATT: That is a guaranteed grant.

MR. PAWLEY: Yes.

MR. WATT: For this year.

MR. PAWLEY: Yes, which reflects the growth from what it was last year.

MR. CHAIRMAN: Resolution 93(d)—pass. Resolution 93: Resolved that there be granted to Her Majesty a sum not exceeding \$6,529,200 for Municipal Affairs—pass.

Resolution 94, Municipal Assessments: (a) Salaries - the Honourable Member for Pembina.

MR. HENDERSON: Mr. Chairman, the municipal assessments although they try to do them occasionally are something that causes an awful lot of rural people problems because land is being assessed so high now and there is such a tax on it for schools and other things, but what really concerns me is some of the municipalities that get way behind in their assessments besides. I'm wondering would the Minister know now how many municipalities are behind? We'll say even to a period of ten years. I know they try to do them every four but just two years ago you had some here that were twelve and thirteen years behind.

MR. PAWLEY: Seventeen, Mr. Chairman.

MR. HENDERSON: There are seventeen that are more than ten years behind? Is that what this means?

MR. PAWLEY: Yes, out of 208.

MR. HENDERSON: What is the most that any one municipality is behind, the most number of years? Thirteen is it?

MR. PAWLEY: Nineteen, 1957, Mr. Chairman. Mr. Chairman, I should assure the honourable member that that doesn't include municipalities like Roland or Dufferin or Pembina but rather it is municipalities in very remote areas of the province, northern communities. Before 1957-1958 in that category. Crane River area, Waterhen area, Cross Lake and Moose Lake are the four.

MR. HENDERSON: Mr. Chairman, in any area where you have school expenses and this to pay if you don't update your municipal assessment a little bit oftener than this you're away out of proportion, are you not?

MR. PAWLEY: I would say that there is a real danger of course of getting oneself out of relationship from one municipality to another unless there is regular reassessment. It depends a great deal in your municipality. If there is little movement by way of sales and purchases, then very little impact is suffered because of the lack of a reassessment. One would probably find in the municipalities mentioned that were more than ten years since their last assessment, that there's very little movement of property and there is very little therefore to relate new values to because there's no new values to check insofar as new sales are concerned.

MR. HENDERSON: Mr. Chairman, I can understand that as far as land's concerned but if there was other buildings and business property within a school area it would make a difference, if their values were going up and you didn't change their assessment on land.

MR. PAWLEY: For instance, I'd just like to give one example here where this is little movement. In the total provincial assessment of 22 billion that we have province-wide, 22 billion, then the McCreary case which is one of the municipalities that has not

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(MR. PAWLEY cont'd) been reassessed - Pete Adam is not here - reassessed since 1960, the equalized assessment is 1.8-some million whereas the actual taxable is 1.1. One can see that there isn't that much movement in areas such as that.

MR. HENDERSON: I just don't think that that's very good but possibly when there is no movement of land probably there isn't much sale of other property either within that whole area.

MR. PAWLEY: Mr. Chairman, if I could just come in for a moment and indicate that I don't want to appear to be defending a situation where there are municipalities that have not been reassessed for some years. It depends a great deal on the approval of SMY, staff and the training of that staff. There would have to be very hefty increase in additional staff in order to ensure that every municipality is done not more than five years.

MR. HENDERSON: I can certainly believe that if you're as far behind as you are, 16, and so many have to be done. I also notice by your remarks that you were short of assessors and it was a four-year training course they needed to become an assessor. I don't know what kind of people you've got there but I don't see why you couldn't be teaching a fellow on the job and have him help assessing.

MR. PAWLEY: Mr. Chairman, I want to assure the honourable member that our assessors are trained on the job. But the only difficulty with that is that it means that a trained assessor must always accompany a trainee so that in fact you are tying two bodies up in one project during that lengthy training period.

MR. HENDERSON: I'd have a hard time understanding how it would take him four years to catch on to that course.

The other question I was wondering: what is the highest assessed quarter in Manitoba? We're talking about land.

MR. PAWLEY: I would have to say to the honourable member that the highest assessed quarters would be close in to the City of Winnipeg where the land speculators are in and having a field day.

MR. HENDERSON: You wouldn't know what it is though.

MR. PAWLEY: I couldn't tell you the exact. But all the municipalities close in to the City of Winnipeg are faced with high assessments due to land speculation.

MR. HENDERSON: Your sales usually relate to assessment, you know, being so many times their assessment. Could you give a person an idea as to how they would relate to the assessment? The sale price would be how many times the assessment?

MR. PAWLEY: It depends from municipality to municipality on the level of assessment and when the assessment was done last. I think we would have to look at a low of 15 percent to a high of 35 percent.

MR. HENDERSON: A low of 15 percent to a high of 35 percent.

MR. PAWLEY: Of sales assessment ratio, yes.

MR. HENDERSON: I can see that you'd have problems telling a person what a quarter was assessed for near the city here where it's going to be maybe used for city development. But in areas like Rhineland, Altona, Winkler, probably around Portage some place, not where it's going to be used for building on but where it's going to be used for row crops, what are those type of quarters assessed at?

MR. PAWLEY: We had no individual figures on individual assessments here with us. That could be obtained. In fact if the honourable would like, I'm sure that our staff would provide him with representative figures along those lines.

MR. HENDERSON: Well to get back to what I was coming at in the beginning, I find that in some of the rural areas where land is assessed high that the school taxes you pay and other things are based on your assessment. Many people have a fair acreage to try to make a living and they aren't making that good of a living but they're paying an awful school tax on their land and they're complaining about it because they actually haven't got this profit. They say: Well this lawyer he's just paying a little bit of business tax for his office downtown and he's making a lot more than they are but paying very little tax, except what he's paying in his income tax. But his building tax and his school tax that he's paying on, that is very small.

MR. PAWLEY: It's very difficult to keep ahead because that same lawyer is

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(MR. PAWLEY cont'd) probably screaming as loud as he can about the high income tax that he's paying and the large chunk of that that's going towards educational costs.

MR. HENDERSON: The lawyers usually look after themselves because they draft most of these agreements.

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Chairman, just following on some of the questions raised by the Member from Pembina. I was wondering if the Minister could indicate if the province has any intentions to start reforming the property tax assessment procedures in the province. I go back to a paper that was presented on behalf of the Ministry of Urban Affairs, which has done a cross country survey of assessment practices and indicates that Manitoba is probably certainly one of the most out-of-date provinces in terms of its assessment procedures and suggests that we should be moving towards certainly a system of market value taxation and bringing it up to standard.

Secondly, that a system similar to that introduced in Prince Edward Island where there is an annual update on improvement taxes through the use of a computerized system, but it means that they get a much higher productivity out of the tax and therefore actually have lower taxes because they get a much higher productivity out of the values of the tax itself. In Prince Edward Island it has led to a reduction in municipal taxes.

Thirdly, I suggest that we haven't undertaken any real effort in terms of recapturing land values such as the Minister mentioned when speculation in urban fringe areas takes place. Again that particular study pointed out the example of Alberta which has a form of site value taxation or Ontario which has a particular recapturing tax system and I think Prince Edward Island has a differential assessment base: one for farm land and one for non farm land or land that's sold for non farm use.

The conclusion that seems to be drawn was that the reform of the property tax assessment practices in Manitoba was long overdue and that we in fact are probably not gaining the best value out of our property tax system because of the fact that it is neither of market value nor is it kept up-to-date on a system that I gather in Prince Edward Island has been developed that is able to maintain a very efficient way of doing year by year improvements. I would like to know if the Minister is planning or intending to introduce these kind of changes or start making some steps towards introducing them.

MR. PAWLEY: Mr. Chairman, back in 1970-71 we held a series of meetings - I remember the Honourable Member for Pembina served on the committee - at which we did revise The Assessment Act at that time. We recognize that there is need for further improvement in the assessment procedures in Manitoba.

I disagree with the references that the honourable member related to referring to Manitoba's assessment practice as being outdated compared to other provinces. In fact I'm not saying this by way of defense but way of fact, that I would think that although we have shortcomings in our system - and I'll proceed to those - that our system of assessment is much better than that which exists in Alberta, British Columbia, Saskatchewan or Ontario. New Brunswick could be another story. I think that they have done something there that we will have to take a good look at here. The honourable member made reference to it and that was full market value assessment. We are discussing this with the municipalities.

I indicated two years ago that I had a preference for proceeding to full market value. I have to say that the Union of Manitoba Municipalities has not expressed support for this yet. It was my view and remains my view that if we are to implement full market value assessment, that we ought to have as much support as possible from the municipal men and women in Manitoba in order to communicate to the total Manitoba constituency so that it's fully understood. At the present time, certainly the Union of Manitoba Municipalities, I think it would be correct to say have certainly not indicated support and I would say have indicated reservation to us proceeding towards this system. -- (Interjection) -- The honourable member says outright hostility. That's not the impression I have gained. The impression I have is that they want more information. They're not prepared to support it until they've received a lot more information. I am satisfied, Mr. Chairman, that after they've received more information that they may respond in a more encouraging

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(MR. PAWLEY cont'd) way towards this. Certainly it's our intention to communicate again with the municipal people, rural Manitoba, in respect to this as well as other areas.

The greatest tax problem that I see and one that bothers me personally, from observation, is the fact we still have not been able to come to grips with the escalation of assessment in areas close in to urban centres where there is rapid urbanization. The result is that many bonafide farmers find themselves having to sell out because they can't afford the taxes brought about by the increased assessment due to land speculation within their areas.

I made reference earlier to a study which we just received by Professor Kraft at the university. I'm still analyzing that study and I haven't had too much opportunity to really develop conclusions from it. But in analysis of some of the tax deferral systems that have been developed in areas of the United States insofar as areas close by the large urban centres, I remain of the view that this is potentially an area that we should proceed. Honourable members will recall that we did introduce tax deferral legislation 1971-72, a rollback. Unfortunately we ran into considerable opposition and we referred it back to committee. Then it's been lost in limbo since. Frankly I wonder if we or I made a mistake then in not having pushed right ahead with that legislation. Maybe I did make a mistake and we should have proceeded with some form of legislation along those lines rather than referring it back to committee. Although I must say, Mr. Chairman, that I was certainly encouraged to refer it back by the opposition of the day.

MR. AXWORTHY: Mr. Chairman, I'm certainly not surprised by the Minister's last statement but I think that I'd like to follow up on two particular points that he raised. One is on the issue that he said that he has been musing about on the question of reform of the assessment practices and the tax laws. I just really raise a question of how long does the musing go on and when do we start getting some more specific action. I think that if the Minister waits for a consensus to form from the Union of Manitoba Municipalities then he and I will be collecting a very healthy pension by that time before it ever comes about. Let's be quite blunt about it. You're not going to get a consensus simply by appearing once a year pleading or persuading. That's not the kind of stimulant that will bring them into some kind of question. I think the fears that those municipalities have are legitimate, that obviously at the backbone of their concern is the concern that a market value taxation system would result in higher taxes. It would seem to me, Mr. Chairman, that one of the responsibilities perhaps the Provincial Government have would be to put the fact very clearly out as to what the consequences of the market value system might be.

It is my understanding in Prince Edward Island when it was introduced that in fact it has ended up really in providing a certain degree of reduction on taxes now. How they arrived at that I can't tell the Minister. But it does seem that there seems to be some evidence that by making the assessment a more realistic one, you improve the productivity of the tax system, in fact, or make it a more relevant tax system and therefore tax those who can properly afford it and don't tax those who can't afford it so that there is a benefit in that respect.

But going beyond that simple presentation of argument and facts, Mr. Chairman, I'm wondering if one of the directions perhaps we should take is an area that has been followed in the past in, I believe, the other provincial levels and the federal level. That is to prepare in a sense a draft legislation that maybe gets first reading and then is discussed over a period of time and then specific rebuttal or amendment or changes can be made to it but there is something very tangible to talk to. It's not just talking in philosophy or talking in generalized terms but there is a very specific set of draft proposals that someone in the municipalities can take a look at, discuss, make their changes and come back with some proposals just using that as the catalyst to spur the movement along. I think that the necessity for some form of action like that is required because I do believe, contrary to what the Minister said, that our tax assessment procedure and practice is not in line with what is now taking place in other provinces. And it is my understanding that the Province of Ontario, in 1977 is moving to a market value tax system with some deferred payment in between, yes, then they're moving it over. It may have been

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(MR. AXWORTHY cont'd) postponed. Well, I suppose with a minority government important pieces of legislation have a way of getting postponed all of a sudden. But, Mr. Chairman, I believe that several of the provinces are moving in this direction so it would seem to me there's enough evidence growing up in the country that you can make a pretty honest case to the municipalities about what this would provide. And I really say, I sympathize with the reluctance of the Minister to beard the lions in their den at some point, I know he likes to approach these things in a fairly quiet way but I think that maybe a little bit more aggressiveness is required, or initiative is required by the Provincial Government in this field to spur it along.

Now coming to his comment on the question of capturing the land speculation. I must confess, Mr. Chairman, to my own surprise that a government holding to the philosophy that this one does has been so slow really in acting upon the question. I think the facts of what's taking place in the 30-mile fringe around Winnipeg is really absolutely criminal in terms of the escalation of taxes going on and what it's doing to the market out there just really is absurd. It's distorting the land market in the urban fringe; it is making any attempt to bring about those beautifully rational plans the Minister wanted to bring about highly difficult because of that kind of eccentric form of speculative development that's taking place. And there's really no way at the present time for the community to be capturing it. And again I would suggest that other provinces have taken initiative. I do believe - and it could be questionable - I do believe Alberta has a form of site value taxation where the heavy emphasis is on the land itself, not on the buildings.

Prince Edward Island does have, I know, a differential system for land on the urban fringe as opposed to ordinary farm land and that certainly the 15 percent capital gains tax in Ontario is another example, each of which have had certain kinds of positive effects. But certainly, Mr. Chairman, we're not going to control that problem until there is some, again, real initiative taken. So in these two areas . . . Pardon me, in Quebec, just in its recent budget, introduced a land transfer tax. So again a province that is presumably committed to the social and economic philosophy this one is seems to be getting very badly out of step. I don't say this for reasons of philosophy, I am saying that I fear for the ability to plan in the urban fringe because of the distortion set up by the present land roller coaster that's going on out there right now, and without any kind of tax restraint as a planning tool, then I think that the best intentions of the Minister in bringing in that new Planning Act are going to be frustrated.

MR. PAWLEY: Mr. Chairman, I want to say I wholeheartedly concur that we need some form of land speculation tax. I don't know whether the honourable member would agree with a provincial capital gains tax in respect to land but we certainly have no effective means now of dealing with land speculation. -- (Interjection) --

MR. CHAIRMAN: Order please.

MR. PAWLEY: You're referring to a federal tax but it's certainly not doing anything insofar as dealing with our provincial land speculation difficulties around, for instance, around the City of Winnipeg.

I want to just mention to the honourable members that there is a tremendous public educational job to be done insofar as full-value assessment, and I think we are gradually reaching the municipal people on the need for full current value assessment. But I must say one of the most - and I don't want to provoke unnecessary discussion here but I can recall a column that was written in a newspaper by a candidate in the last election, a man by the name of Mr. Penner, who suggested that full-value assessment was a Bolshevik, socialistic Red plot, a conspiracy, a conspiracy by the Minister of Municipal Affairs within the Province of Manitoba, and warned all his constituents to be on guard against this intrusion into their daily lives. Mr. Penner, who I believe was a candidate for the Progressive Conservative Party in Rossmere in the last election. I say that only to demonstrate the extent of the educational job that we must do, because Mr. Penner of course is a municipal councillor and if that's his honest belief then we have a lot of educational work to do.

MR. AXWORTHY: Well, Mr. Chairman, one final question. I sort of concur with the Minister's interest in education. I would suggest that there are some who are just uneducatable but that is something we have to face in this province. But I still get

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(MR. AXWORTHY cont'd) back to my question, how does he intend to do it? I would say that if the Penners of the world are running around with these kind of sayings, it would certainly come as some surprise to Alec Campbell in Prince Edward Island who I don't think considers himself part of the Red menace in Canada, other than, may consider himself part of the big Red machine but not part of the Red menace certainly. His own comments, in having had a chance to talk to him personally about it, said that the changes in the P.E.I. tax system have brought about major improvement for Prince Edward Island which is primarily a rural province. It has been greeted with a high degree of support by the farming and rural community of Prince Edward Island because all of a sudden they're finding out that it makes sense rather than the old system which was really a cover-up for an awful lot of inequities.

So, Mr. Chairman, I would suggest that perhaps the Minister of Municipal Affairs here could import into the Province of Manitoba some of those awful Bolshevik ideas that they're experimenting with in New Brunswick which is a Conservative government and Prince Edward Island which is a Liberal government, and perhaps from those horrible extremists we can learn something about the way an assessment system could work. But I would still be interested to know if the government has some plan of action in mind to begin this . . . whether it's a process of education or a process of leading towards some legislative changes, if the Minister has something specific in mind that he could indicate to us.

MR. PAWLEY: We have lined up a meeting with representatives of both the union and Manitoba municipalities and the Manitoba Urban Association, for immediately at the conclusion of the session to discuss assessment only and one of the items on the agenda is current value assessment and I'm still hopeful that we can proceed with some degree of municipal support into making necessary assessment reform.

MR. CHAIRMAN: The Honourable Member for La Verendrye.

MR. BANMAN: Thank you, Mr. Chairman. I've been following the discussion closely and I've got several observations and possible comments to make with regard to this particular problem, as I would put it. When looking at the assessment as we face it today and speaking from municipal experience, the public at large really don't know or understand what assessment and mill rate is. What they're concerned about is the bottom line figure and I think the Minister will agree with that. I know in council when we would send out the new tax forms somebody would phone up, whether it was a reassessment or not, what would happen is they say I'm paying \$105 more this year, what for? And they don't differentiate between the school taxes or the municipal taxes or what the mill rate or what the assessment is. So that the assessment figure, as the Minister pointed out, the full value assessment definitely has to be hammered out with the municipalities and receive their approval because it's on that level that you'll be dealing with, I think, most of the people.

The problem that we face within the 40 mile radius of Winnipeg - and I would speak specifically with some parochial concerns of mine in my riding - is that we have people moving out from even the smaller urban centres such as Steinbach, Niverville and Ste. Anne areas and building in rural Manitoba. Now what they're doing is they're buying 40 acres of land very often, if they have to, if they can't buy a five acre plot, and even that is not bad because they're buying marginal land and very often they're only paying maybe \$100 an acre. It's marginal, it's not good for agriculture, it's basically bush land. Even in the Town of Steinbach we're paying \$8,000 for a lot right now, so they're still getting a fairly good buy at that.

Now what is happening is that most of people are building fairly large homes and all we have to do is take a little ride out along the Trans-Canada, we've got a certain amount of strip development there right now. And they're building big homes, they're not building \$30,000, \$40,000 homes, they're twice that price. However, I think when it comes to the assessment of those particular houses this is where we're facing a bit of a problem. We're finding that the houses built in rural Manitoba by people who maybe work or even own businesses in the smaller communities, are assessed at about half the price of what they would be in the town. Now I appreciate that it's based on

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(MR. BANMAN cont'd) the assumption that a house in a village or a town - and we go back to MHRC and all over - you could get a mortgage if you are in an area where there were service facilities, but as soon as you moved out you couldn't get the mortgage, so as a result the salability of a house within the limits of a town on a serviced street was much better. What has happened is that in the last number of years with the desirability of people wanting to move out into rural Manitoba, the price of these homes in rural Manitoba has really skyrocketed, and it has caused a problem in that when we're looking at the assessment of the rural municipality versus a village or a town, the discrepancy as far as school taxes are concerned - and I won't go into that, but the Minister knows the point I'm trying to make here - the discrepancy as far as school taxes, the amount borne by a certain municipality or a certain village is affected quite substantially by the number of buildings and by the assessment that we're involved in.

It becomes even more complicated when we find out - and we're sort of running into the Planning Act here but I'd like to just skate that a little bit if I could - when we find out that the permits being issued for different homes being built in rural Manitoba, very often there are no permits being issued and the municipality has no way of assessing what the cost of that particular home will be. The other thing is that the prices, even on the people that do submit building permits in rural Manitoba and I'm talking about towns, villages and everything, the prices that people put on building permits don't very often accurately reflect what the real cost of that particular home is.

Now the problem that this is creating between the different municipalities, I'm sure the Minister is aware of it, leads to annexation talk, it leads to all kinds of problems between the municipalities, we have town councils fighting rural municipalities and my biggest concern is at the present time that if we don't find some equitable solution to this particular problem either by starting to assess the buildings that are on lands as such instead of assessing the land itself, as far as the productive land is concerned, what's going to happen, we're going to move in the direction of regional government. I'd like the Minister to give his views on that because personally I wouldn't like to see that happen because bigness we found out is not necessarily better and it doesn't necessarily save us money. But we will run into these situations where we're going to have confrontations between different municipalities, then it will seem that the only way that we can solve that problem is to incorporate larger units and then elect people from those different units and then run it that way. And I think that would be an unfortunate situation.

So the whole problem as I see it, Mr. Chairman, is one where we have to arrive at a change in assessment. Now whether it be full value assessment, I haven't been sold on that particular idea myself 100 percent because of different factors which I won't go into right now, but there definitely has to be some changes in assessing some of these buildings that are now springing up all over. I drive back and forth to Winnipeg every day now and I notice there's just another one coming up on the Trans Canada Highway, looks like another big home.

As I mentioned before, the low assessed land in the municipalities - you can have somebody having a fairly large farm operation on that but by virtue of that land being assessed low, what happens is that his taxes are in many cases very little because he gets \$175 rebate and then because of the low assessment on his 160 acres or 320 acres, he pays very little taxes; whereas the man that is trying to make a living directly off the land as such is paying a fairly high assessment and a fairly high per acreage municipal tax.

I wonder if the Minister at this time - I've got a few more questions but I wonder if he could sort of give us an indication with regard to this particular problem.

MR. PAWLEY: Mr. Chairman, the member has raised a number of problems and I think we all recognize the fact that we do face problems which are bringing about a sprawl of residential into RMs surrounding the City of Winnipeg, a lack of planning which results in a sprawl outside of the urban centres such as Steinbach into the areas surrounding such centres. And it seems to me that there are two ways that this really has to be dealt with. Regional government, I think, is probably an academic exercise if one deals with the two basic problems that we have to deal with. One is to update

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(MR. PAWLEY cont'd) the assessment practice and as was inferred earlier, to do that many more assessors are required in order to properly keep the reassessments up to date.

The homes that the honourable member referred to between Winnipeg and Steinbach are really being assessed on the same assessment base as all other buildings within the municipality, but because they are being built so rapidly often the assessment pertaining to those homes does not seem to accurately reflect the value of those homes. In other words, the turnover is so quick and there's so much rapid development that in many ways the assessment does not properly reflect. For instance this year in the honourable member's area there would be only one municipality I guess that is being reassessed, Ste. Anne. Now maybe a fast growing region like that, the reassessment should be taking place every year or every other year in order to guarantee that we keep apace assessmentwise. So that is a problem, admittedly a problem, which can only be dealt with by the allocation of much more funds to improve the size of the assessment staff.

Secondly, the planning legislation which I'm looking forward to discussing a little later, is of such a nature that it ought to work hand in hand with improving the assessment situation, with ensuring orderly development and hopefully to reduce some of that tension that brings about the reference the honourable member made to the conflict between the urban centre and the surrounding municipality. As it is now, with the lack of planning control we do have this sprawl and for instance I know very well the problem in the honourable member's constituency.

We have Steinbach and the RM of Hanover with a sprawl from the Town of Steinbach into the surrounding area, residential, industrial development, commercial development just outside the boundaries of the Town of Steinbach. On the other hand Steinbach provides much of the recreational and park resources not only to Steinbach but to the entire surrounding area including the RMs of Hanover and La Broquerie. There is developing, and I know that the people of Steinbach have expressed this to me, a feeling that something must be done in order to ensure that residents using these services within Steinbach contribute their fair share towards these services rather than as it is now, the feeling that's been expressed to me by people from Steinbach, that they're carrying more than their fair share of these services.

Mr. Chairman, this can only be, I suppose, in the long run handled through effective planning legislation which unfortunately we have been without until just recently. That's why I think we should be proceeding towards, as soon as possible, the formation of these District Planning Boards and I look forward to seeing that develop in areas like Steinbach and Hanover. I just hope that the initiative for that does develop within the thoughts of the municipal people in the area. I think the honourable member could do a real service by encouraging that development in the Steinbach-Hanover area, too. In that way I think the honourable member would be doing a very constructive service in order to minimize these problems that he's very much aware of. But until the local people really come to grips with them they'll continue to grow and grow and become worse with the passage of time.

MR. BANMAN: I thank the Minister for those comments. I think in no way do I want to restrict the availability that the rural municipalities in the area have if in some way they can increase their tax base or their assessment. You have a municipality like the RM of La Broquerie which is just bordering the Town of Steinbach which has a little better than a million dollar assessment, and of course when it comes to hiring just even a maintainer driver or a secretary-treasurer, it represents already a substantial load and can represent as much as 8, 9, 10 mills on the taxpayers' taxes. So I think that we don't want to restrict this rural development and yet try and get these people to work together for a common goal. I know that, as the Minister mentions there, the town feels that the surrounding areas aren't paying their fair share of taxes where the surrounding areas say, well we're shopping, we're supporting your businesses and thereby we are supporting your tax base. So you get a sort of a stalemate on the particular thing. It was my intention to draw this problem to the attention of the Minister and

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(MR. BANMAN cont'd) hope that some way we can work out an amiable solution to the people there. I agree that the best way for it to happen is that the councils do get together and try and work out a solution among themselves possibly with the help of the Minister's department.

Now the assessment thing, of course, is of concern to me because I see what's happening in that area with regards to these homes that are being built and I would appreciate any move in that area that we can sort of equalize it, that we don't have the thing happening where a person just because he lives in town is penalized for living there. He could still have the same house and live in rural Manitoba and pay a little less taxes. I don't think that's fair if his livelihood is made not from the farm but working at a business or even owning his business. A lot of people like to live out in rural Manitoba, have five acres or something and have some ponies for the kids and I think for many of the people they enjoy the snowmobiling and all that. I wouldn't want to deprive them of that right.

With those few words I hope that we can work this problem out without running into a problem of regional government. As I mentioned I don't think that's the way we want to go. Ontario has tried it and I think they've stumbled into a lot of problems that way. With those comments I thank you.

MR. PAWLEY: I wonder if the Honourable Member would agree with my suggestion that possibly the answer to the problems that he raised - not certainly regional government necessarily - but the formation of a Planning District Board incorporating for instance here, the Town of Steinbach and the RM of Hanover.

MR. BANMAN: I think that as the development corporations have done to a certain extent, a move by the municipalities to get together where they can discuss common problems, I think would be good. Now again, as the Minister's put it himself, it will be up to these two municipalities to get together and discuss that particular problem to decide between the councillors if they do definitely want to join. Those people were elected to look after the best interests of their areas and I think they're trying to do the best job possible.

The assessment problem, as I mentioned before, the Town of Steinbach, I think, has made representation to the municipal board with regards to that particular problem and I think the Minister is aware of that.

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MR. CHAIRMAN: The Honourable Member for Birtle-Russell.

MR. HARRY E. GRAHAM(Birtle-Russell): Well, Mr. Chairman, we've had a fairly wide-ranging debate on this subject. The Attorney-General did, I think, at one point bring a little politics into it when he referred to a candidate in the past election. I listened with great interest to the comments of the Member for Fort Rouge and if he was enunciating the Liberal Party's position I can well understand why there are only three members of the Liberal Party in the Legislature of Manitoba.

The question of assessment has been a problem that didn't arise yesterday; it has been a question that has been wrestled in this Legislature for many many years. I know myself, when I came in this Legislature in 1969 in a by-election, that was one of my number one concerns, the problems and the inequities that existed in the assessment practices in the Province of Manitoba.

Since that time we have seen some changes. I think perhaps the biggest change we had was when we took assessment out of The Municipal Act and set it up as a separate Act. I think it made it more readily available for scrutiny by doing that and hopefully at some point in time there will be further changes in that field.

As a member of the Legislative Committee that was set up I well recall the debates that went on, on rollbacks, deferrals, total value assessment, etc., and each and every one of the arguments that was put forward at that time was, I suggest, looked at fairly thoroughly and more or less rejected at that point. However, these problems keep coming back and I suggest that once an idea gets in the minds of those in the Civil Service who have that responsibility that those problems are constantly pushed back at the Minister suggesting try this, try that, try the other thing and we will continue in the next few years to have suggestions put forward on assessment.

I welcome any proposals that are suggested on assessment. I would suggest to the Minister though that rather than attempting to bring it forward in legislation that he could possibly bring forward his proposals in the form of a White Paper that could be discussed. I know the Minister of Agriculture used his land-use study for the purpose of fact-finding and I think the information that was collected was very valuable.

The Land-Use Committee and the policy of land use, I think, will have a definite bearing on assessment. The Planning Act, I'm sure, is going to have a bearing on assessment. While the Planning Act hasn't really gotten off the ground yet I think that in a couple of years' time we will be getting probably the first preliminary results of that activity. Nevertheless we do have to consider changing our assessment practices in the Province of Manitoba.

I know the Minister and the members of his department are very concerned. I would suggest that at the present moment that they are concerned about total value assessment probably more than anything else. I suggest also, Sir, that while it may be an admirable point of view in some respects, it also has its drawbacks. Total value assessment I don't think can work without creating serious hardships on certain groups in society unless you are prepared to do almost a total assessment on an annual basis. The province hasn't got the financial resources nor the capabilities, I suggest, to do that, nor would it be economically advisable. So we have to then consider what other suggestions can be used.

I know I have put forward an argument on previous occasions, an argument which I am still convinced is probably the most valid argument that should be used in the principles of assessment today and that is the land-use principles, that assessment can only be made on the basis of the present use of the facilities. If we speculate and try and tax to force out speculators, are we then not speculators ourselves in anticipating probable values of land? I would sooner have an individual speculating than a government speculating any day.

Sir, we have ample means under other tax measures, under other pieces of legislation to deal with the profits that accrue from the sale of a piece of land. We have to remember that the taxes that are paid on any property only accrue from resources that are acquired from the use of that property. The present usage of that property has to be the basis on which the tax is paid. If you use any other means then the owner of

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(MR. GRAHAM cont'd) the land has to use some other means to acquire his wealth or acquire his income to pay those taxes. So the principle of use, I think, still has to be the major component of any assessment changes that are contemplated.

I make this plea to the Minister at this time because I know that in the future we are going to be looking at changes in the assessment. I would hope that any changes that do occur will be fair and equitable both to the municipal corporations and to the property owners and the property users. So I would suggest that open dialogue and very frank discussion will certainly prove beneficial both to the government and to the property owners of the Province of Manitoba.

MR. CHAIRMAN: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Chairman, to the Minister. I believe the point that was raised by the Member from Pembina is a very important point. When you have a municipality that hasn't been assessed for ten years, you know, what's happened in the last three years because of inflation, it's unbelievable. Your property values have skyrocketed, not from the point of market values but just from the point of replacement costs on many of the homes or buildings. So there certainly is great inequity as far as I'm concerned because one municipality is reassessed and they have to pay the updated tax and you have another municipality that's ten years behind. I don't believe it made much difference maybe ten years ago, but during inflation, in the last three years, it's certainly made a big difference. I think this is something that the Minister has to give consideration to. Surely nowadays with computerized systems I can't see how difficult or complicated it should be.

I'm not advocating market value assessment although I know that the Member for Birtle-Russell took some issue. But the Member for La Verendrye was right on. He made the same point, that the market value assessment, it's much more simpler, it's much easier to understand. That doesn't mean the Minister at this time or this committee or anyone of the House can convince the municipal councils because you had great inflation, you had increased costs in municipal costs, such as police and firemen, big costs, and they're concerned. Their property tax are too high as it is, and they feel okay, all you're going to do with market value sort of update the properties and increase the tax. I think any fair-minded person and any thinking person would say, well all it is, if you're going to go on a market value basis, certainly you have to decrease the mill rate proportionately to what it is now, and it's as simple as that. So for the Member for Birtle-Russell to come out with that statement, I think is just completely ridiculous or he doesn't comprehend or hasn't got enough sense to understand. Because the Member for La Verendrye certainly understands it and he said that it's much more simple. Right now we have to use the, I guess we still do, we use the two-third value of the buildings, is that not correct? I think that's the formula still used, for buildings only, two-thirds of the value, I understand, and this is what concerned me, because in the towns now the replacement cost is not what it was two years ago, or three. The value just skyrocketed. On land, you have to use the rental value, you have to use, I guess quality of soil, location on the market. Things have changed so quickly from say, the area that the Member from Pembina comes to Portage la Prairie where we have much more, sort of vegetable growing in Portage la Prairie, sugar beet, and it was that three years ago you could have purchased all the land you want in Portage for \$250, between Winnipeg and Portage. Right now, this year, it was selling between \$500 and \$600 per acre. That doesn't mean that your taxes are going to escalate that way, because you have to . . . that's right the mill rate has to get down.

I agree, you're not going to sell the municipal councils that quickly because during the times that they have such difficult times meeting their expenses, they're going to say, well look, it's a means and ways of raising more funds and more money. It is a big job. Certainly I agree it won't be easy, but it's something that I think could be looked at, and I think it's a much simpler system than the present one. And again I don't know if it could be implemented. The rule hasn't changed, the buildings are still assessed at two-thirds of their value. --(Interjection)-- Well not farm land but . . . that's right, except the farm buildings.

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(MR. PATRICK cont'd)

The point that the Member for La Verendrye raised is a valid point, about buildings and construction springing up all over and I hope that the Planning Act will have some effect on this thing. The only thing is I would be concerned if we have on non-productive farm land, non-productive, that we would not allow somebody to build houses in those areas. You know, if there is a stretch or somebody can buy lots, five acres of land or two acres of land, and can build a home on a non-productive, that's not suitable for crops, I think there's nothing wrong with that. I think it's a good idea, that people if they want to go out in the country and build a home, what's wrong. I would hope that the Minister would not preclude that, but I sure feel that there should be some systematic and some proper planning in respect to productive farm land.

MR. CHAIRMAN: The Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Chairman, I would like to ask the Minister a few questions on the present practice in assessment, where new construction is taking place. It may not be a problem in the City of Winnipeg, but in rural Manitoba where we only have a reassessment maybe every five, six, seven years. The assessment changes that occur, are they on the basis of the value of the building permit that is issued and the degree of the completion of construction?

MR. CHAIRMAN: The Honourable Minister.

MR. PAWLEY: Mr. Chairman, the reassessment is based upon land sales that have taken place within the neighbourhood of the subject land, and after the appraiser has examined those land sales, and considering the soil type and the physical nature of the property in question, then he arrives at an assessment figure.

MR. GRAHAM: Mr. Chairman, maybe I didn't make myself clear. I was referring specifically to the improvement of a piece of property, say in a village, where the person may have owned the property for several years, and then takes out a building permit to erect a building on. Is that done on an individual assessment basis, or is it . . .

MR. PAWLEY: No, if it's an addition which is then brought about by the issuance of a building permit, then the assessor would relate to the value as indicated on the building permit.

MR. GRAHAM: On the building permit. Okay.

MR. CHAIRMAN: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Chairman, I wish to direct this question to the Minister. There is some inequity as far as assessment. Maybe it's because it wasn't updated. I'll give you an example. If you purchased a home, or had a home built five years ago in a community and it has certain value, an assessment on it is a certain figure. People are finding out in towns and communities they may be subject to \$700 tax, or let's use that example. You find somebody that built a home a year ago, just more recently and it's probably valued not as high as the one that was built five years ago, still the one that was just built a year ago, it's got a tax maybe of \$900, \$200 higher. This is the inequity that you're finding out in quite a few communities and I was just discussing it with the Member for La Verendrye and he said this is what's happening in his community as well. Is it because the older home that was built a few years ago, they haven't been reassessed. This may be the reason for it. But there is these inequities in the same town or in the same community.

MR. CHAIRMAN: The Honourable Minister.

MR. PAWLEY: The honourable member has raised a problem that reflects the fact that due to not keeping up with reassessments, this can happen, where property of a few years back hasn't been brought up in line with the more recent purchases. So that basically narrows down to the fact that the reassessment hasn't taken place as frequently as it should.

MR. PATRICK: I find that same discrepancy in the City of Winnipeg.

MR. PAWLEY: I understand it's even worse apparently in the City of Winnipeg.

MR. CHAIRMAN: Resolution 94(a)--pass. 94(b) Other expenditures--pass.
Resolution 94 Resolved that there be granted to Her Majesty a sum not exceeding

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(MR. CHAIRMAN cont'd) \$2,090,600 for Municipal Affairs--pass. Resolution 95 Municipal Services and Research, (a) Salaries. The Honourable Member for Birtle-Russell.

MR. GRAHAM: Dealing with municipal services and research. Is this the section, does this cover just the townsite of Churchill as is mentioned or does it concern other municipal corporations on the problem of potable water?

MR. PAWLEY: No, as far as the water . . . frankly, I don't know why that's written in there, Mr. Chairman. I think it's misleading for that to have been written in the Estimate Books. It's no longer applicable, and I don't know how it found it's way to the Estimate Book, because I think it misleads . . .

MR. GRAHAM: Poor proofreading.

MR. PAWLEY: Yes, probably so.

MR. CHAIRMAN: Resolution 95(a)--pass; 95(b) Other expenditures. The Honourable Member for Birtle-Russell.

MR. GRAHAM: What is the charge-back to the municipalities for the processing work that is carried on by his department in the field of assessments and tax notices?

MR. PAWLEY: The municipalities are paying about 60 percent of the assessment program cost. They were at one time paying 100 percent of the assessment cost, but it's been reduced to approximately 60 percent.

MR. GRAHAM: And in the data processing of tax notices, is that 100 percent borne by the municipalities?

MR. PAWLEY: That's a 100 percent cost to the municipalities. The reason for the reduction of course from 100 to 60 is that the province is making more and more use of that information from the assessments.

MR. CHAIRMAN: Resolution 95(b)--pass; Resolution 95 Resolved that there be granted to Her Majesty a sum not exceeding \$849,600 for Municipal Affairs--pass.

Resolution 96 Municipal planning services, (a) Salaries. The Honourable Minister.

MR. PAWLEY: Mr. Chairman, if I could make an announcement, I think it's an appropriate time to make it. And this is in connection with the cost formula. As I had indicated earlier there has been a very encouraging interest on the part of municipalities to come within planning districts, and in fact we have now received resolutions indicating support in principle for the development of a planning district by some 27 municipalities, which would form seven planning districts from different parts of the province. The Act was proclaimed on January 1st, and these resolutions have been flowing in since. And I understand also, staff has been receiving enquiries from other municipalities.

Those that have indicated support in principle for establishing a planning district have been waiting for advice from the province as to what the costing arrangements would be; what part of the cost would be assumed by the province, what part would be picked up by the municipalities involved. So that we have been attempting to work out what we would feel to be a fair and equitable arrangement, province as to the municipalities going within the planning districts. So that the formula I would like to indicate is the one that we are submitting to the municipalities and it's intended of course to encourage the formation of planning districts, and the adoption of land-use policies as a result thereof. Because of that we have developed this program to share the cost of planning with participating municipalities.

First, representation on the district board and a proportion of district costs borne by each municipality will be established on a mutually agreeable basis by the councils of the member municipalities. That's left flexible. They will work out the costs insofar as the specific representation on the boards.

There are three main cost components of planning which can be identified under the new Act. First, there is the costs involving local administration. This consists of those activities that are most appropriately administered at the local level, for instance, building inspection. And I could add to that the costs of paper, stationery,

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(MR. PAWLEY cont'd) phone, even the clips that are used in correspondence would come under the category of local administration. These costs, because they are costs that we feel can be best controlled by the local people, better controlled there than through the province becoming involved in that area, is a field where we expect the municipalities, the district board, to assume 100 percent of the cost. And of course, although 100 percent of the costs here will be borne by the municipalities, they'll be able to collect fees from the issuance of building permits, etc., in connection with this, to replenish their costs. Also fees in connection with subdivisions; a fee depending upon the number of lots included in a subdivision. Different methods can be developed by the municipalities in this connection to recoup their costs. This way councils can establish a level of service that will meet the minimum required by the Act, also be responsive to local needs.

Secondly, there's an ongoing planning service cost, and that will replace the present planning service agreements and provide for professional planning advice in all land-use matters on a regular and continuing basis. At the present time I think we would pay under our planning service agreements about 80, 85 percent of the costs of the ongoing planning service to those municipalities that have been included within a planning agreement. We're prepared to assume 100 percent of the costs here, and the level of service of course will be negotiated with each municipality, but the province will pick up 100 percent of the cost insofar as ongoing planning service is concerned.

The third identifiable cost factor is the development plan itself. The development plan is, members know that after the municipalities form the planning district then under the legislation they are to prepare and complete the preparation of a development plan within two years from the formation of the district. And the development plan will establish very clearly the goals, the intent, including fiscal arrangements, fiscal policies, of the district. This is to be prepared, includes a great deal of study, analysis, so that they can be well thought through and informed considerations in arriving at policy decisions which will affect all the municipalities within the district. The cost of this non-recurring component will be shared on a 50-50 basis to a maximum municipal share of \$1.00 per \$1,000 equalized assessment for the district, with any shortfall being funded by the province. The amount of work that needs to be undertaken for the preparation of the plan will be subject to municipal-provincial negotiation.

I want to say, Mr. Chairman, so that we can keep this on somewhat a light twist, that I am rather pleased about it and I can't help but modestly comment about it. The number one planning district that will be formed in Manitoba, first application that did come into our office, was the one which included St. Andrews Municipality and the Municipality of St. Clement, which seemed to indicate that the good people of that area reflected positive planning concepts.

MR. CHAIRMAN: The Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Chairman, the statements that have been made by the Minister of Municipal Affairs are rather significant and I wonder if he has copies. Have you copies of that?

MR. PAWLEY: Yes.

MR. GRAHAM: Has the Minister made any attempt at trying to assess what the added cost to the municipalities will be?

MR. PAWLEY: The added cost to the municipalities. We have worked out insofar as those districts that have made application, what the approximate costs will be within those districts. There's no question that there will be costs but as I say there are of course means by which the municipalities within that district will be able to recoup much of their costs within the district itself. But each of the seven districts that have come forward, including municipalities, we have worked out detailed costing. We have not yet sat down with those districts and I think in fairness to them that we would be best to go over the details of their particular cost arrangements with the seven districts first. We held back discussing it with the municipalities and districts until this announcement was made. Now we go to the seven districts and we sit down with them and show them what the costs should be in each district.

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MR. GRAHAM: Mr. Chairman, is the Minister suggesting to the municipalities that they recoup most of that cost through the increase in fees for building permits?

MR. PAWLEY: Under the first part dealing with local administration, they bear the full 100 percent cost and there's flexibility there that they can establish their own standard. This will be up to each individual district to determine its own policy. But they can charge a fee, additional fee on building permits, etc., in order to recoup their costs rather than spread it over the district as a whole.

MR. GRAHAM: I'm trying to recall the actual words of the Minister. He indicated that they would be able to recoup most of those costs.

MR. PAWLEY: Yes, I would think that that would be correct, that in most instances they would be able, if they establish that as their policy. If they establish that as their policy they could recoup most of their costs.

MR. GRAHAM: Is the Minister making that suggestion to the municipalities, that this would be an avenue open to them? I think it's important to establish that at this time, Mr. Chairman, because I believe that the leadership to any new organization has to come from the top and if the Minister is suggesting that they could recoup most of their costs by an added tax or an added fee on building permits, I would think that the municipalities would be very inclined to follow the advice of the Minister.

MR. PAWLEY: Mr. Chairman, it's given to them as a possible source but I think we should stress that the municipality is under local administration and the reason that we left that in their hands is because I think they will exercise every possible restraint. For instance they'll be able to use existing offices, should be able to, rather than to rent new offices in many instances. They will be able to use staff members that are presently working in an under-capacity basis, that they can undertake further work. So that there are many areas that if they wish they can minimize the costs themselves. But it will depend upon each district as to facilities, staff, whether additional staff facilities are required in order to effectively administer the problems that they're facing in a planning way. We will be showing to them of course various techniques that they certainly will be able to utilize in recouping costs.

MR. GRAHAM: Mr. Chairman, the Minister has so far only indicated one, in the suggested increase in fee for building permits. Are there any other means that the Minister is suggesting?

MR. PAWLEY: Mr. Chairman, when they complete their development plan and when there's subdivision approval, I would certainly expect that there would be a fee charged there that would recoup costs. The real costs I think I have to emphasize to the honourable member is under this ongoing planning service which cost is borne 100 percent by the province. That would be the major cost factor.

MR. GRAHAM: I'm fully aware of that, Mr. Chairman. What I am attempting to find out though, and I'm sure the Minister must have done some study and various breakouts and breakdowns, has he come up with any figure or has any attempt been made to ascertain how much the price of building permits would have to rise to cover the costs that would be inherent.

MR. PAWLEY: No not at all, Mr. Chairman, we haven't certainly entered into that area. For the seven districts that have indicated an interest we have worked out what their costs will be, what our costs will be. I think they're within reason and it is our intent to sit down with the municipalities involved to examine those costs because they are now paying of course substantial planning costs at the present time to the province under their planning agreements and from that they will determine what direction they wish to go in respect to the planning costs.

MR. GRAHAM: Mr. Chairman, before the Minister sits down with the various municipalities, would it be unreasonable to ask him to attempt to ascertain - and I'm sure when he's looking at any planning district that's been set up he will have the figures available to him, in the past two or three years on the total number of building permits, etc. - just how much the price of a building permit would have to rise if the total costs or even 50 percent of the costs were assessed against building permits. I think that information would be very valuable to the municipalities in trying to provide direction

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(MR. GRAHAM cont'd) to them in their initial stages of organization.

MR. PAWLEY: Certainly we anticipate that is an area that we would certainly be discussing with the municipality. The fact is that with the seven districts that we have, that have come forward and indicated a desire to form, the cost varies from one district to another. In some districts it's very very minimal, in other districts it's much more substantial on the basis of the calculations that we've made. So there's great variation within those seven districts.

MR. GRAHAM: Mr. Chairman, the only thing I'm trying to point out is that the Minister already has done considerable research in each of the districts that are contemplated being formed. I'm just asking him if he would consider carrying it one step further. If he is making a suggestion that, for instance, building permits is one area that they can recoup some of their costs, if he's done cost studies he has some idea of what their initial costs might be; he has the information available in his department. I don't think it would be too much difficulty to bring forward projections to assist them in their initial stages.

MR. PAWLEY: Mr. Chairman, we'll provide them with all the information that we have. The honourable member can be assured of that. The municipalities will themselves of course arrive at their own policy direction as to how they wish to handle it.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. HENDERSON: Mr. Chairman, some of us aren't as familiar with council work now, since we're in here, as we were when we were on council and haven't had The Planning Act explained to us in as much detail as many of the local councillors. But I have heard some people saying that if a man had a 200 foot lot in a town under The Planning Act, if the area went under it, if he wanted to divide that into two 100 foot lots, that before it could be official it would have to go right to the top and right back down again. Is this right?

MR. PAWLEY: Mr. Chairman, what we have within the planning legislation is the requirement that where a lot is split, unless it's in excess of 80 acres, the lot split approval must be given by the municipality and then it also must receive approval of the Minister of Municipal Affairs.

The reason for that is that for instance if we take the 30-some municipalities around the City of Winnipeg, we find that approximately 65 percent of the development around the City of Winnipeg has taken place on lot splits; the remainder on subdivision. So you cannot exercise proper planning control unless you have some control insofar as lot splits. The Honourable Member for La Verendrye dealt at considerable length about the problems that he's facing in his area with this sprawling development and the costs that it's creating. That is because there has been no handle on this type of thing until the planning legislation came into existence.

MR. HENDERSON: Well then they really have to go to the top although I can realize in certain areas it would just be a formality because they'd know if this was customary to split lots.

MR. PAWLEY: That's right. In many areas it's only a formality and everything is being done to expedite. I'm certainly very mindful and very concerned about the danger of unnecessary delays in giving these approvals because I think it's important that it be done. I think it's also important that a good program such as this not be screwed up by too many delays.

MR. HENDERSON: Mr. Chairman, how about a person living alongside of a highway like a farmer who had sons getting married and he figured he could put on extra buildings. Would he have to get permits just to put them, you know, on the same land?

MR. PAWLEY: That depends upon the local council. They have a handle on it. The local council before had no say, now at least they have a say.

MR. HENDERSON: So in other words it has to be approved too.

MR. PAWLEY: Yes. The farmer in question would first have to apply to his local council on that. If the local council approved it then that would likely be acceptable as far as we're concerned.

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MR. HENDERSON: As you see something like this, would you say that they'd require independent surveys where these other residences would go on? Like if his son got married and lived next to him? Or do you think it could be just put on there and handled . . .

MR. PAWLEY: That would depend upon the Land Titles. I would think in most instances it would be a requirement that there would be a survey completed for Land Title purposes rather than planning purposes.

MR. HENDERSON: Thank you.

MR. CHAIRMAN: The Honourable Member for Arthur.

MR. WATT: Mr. Chairman, the questions that I wanted to put to the Minister have been put and answered by the Member for Pembina. I'm just wondering if the Minister could give us some figures. He has mentioned that in some areas the ongoing costs will be minimal and in others much greater. Has he a figure in mind?

MR. PAWLEY: Yes. For instance we have an application in from - correct me if I'm wrong - there's an application from the southeast corner, Stuartburn, the Vita area where there's very little by way of development there and little by way of subdivision so there isn't the need for the type of intricate planning arrangements to be made as in the 30-some municipalities I mentioned around the City of Winnipeg. So the costs in an area such as that would be very minimal.

MR. WATT: I wonder if the Minister could indicate, have you formal applications from these seven districts now who are formed . . . municipalities?

MR. PAWLEY: Yes. What we have received in those areas are resolutions from individual councils indicating, subject to receiving the cost formula, support in principle to the formation of a district. Usually they have gotten together, the municipalities within a particular district, discussed and then gone back to their individual council meetings to pass such resolutions and refer them in to myself.

MR. WATT: Could the Minister indicate roughly, besides Selkirk, where are the other six areas that have made application?

MR. PAWLEY: The Beausejour-Brokenhead area; Lac du Bonnet-Powerview area, right through to Victoria Beach; Carberry and Norfolk area; Boissevain and the municipality surrounding Boissevain - what is it? Morton Municipality; the southeast corner, the Vita-Stuartburn area and the Dauphin area but they haven't passed the resolution yet though.

MR. CHAIRMAN: Resolution 96(a) - the Honourable Minister.

MR. PAWLEY: If I could just mention on that, the interest is greatest and the support is the greatest in the areas within a 40, 50 mile radius of the City of Winnipeg because they're under the greatest pressure. As you travel further away from the City of Winnipeg you find less interest in the planning legislation.

MR. CHAIRMAN: Resolution 96(a) - the Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Chairman, before we go on. We have before us No. 3 in the program that was announced by the Minister. A Land Use Policy plan which must be prepared by the districts within two years of formation. Mr. Chairman, we have had . . .

MR. PAWLEY: Could I just interrupt just for one moment. That two-year period can be extended if the circumstances warrant the extension of the two-year period.

MR. GRAHAM: Mr. Chairman, the question that I wanted to ask the Minister is: for the past two years we have had a Land Use Policy Committee of the Legislature which has travelled throughout the province hearing submissions from various groups, individuals, municipalities, etc., and we have had really no indication from the Minister of Agriculture, under whose jurisdiction the committee toured the province, on a provincial land use policy. Is it now a correct assumption that there will be no policy in this respect by the Province of Manitoba and in fact that this will be turned over to the municipalities for their own development?

MR. PAWLEY: Mr. Chairman, I think that the two committees are two separate things. As I understand it, the principal concern that the Legislative Committee dealt with was the question of foreign ownership, etc., of farm lands. We have

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(MR. PAWLEY cont'd) formed as per the planning legislation a Land Use Committee of Cabinet which committee will be responsible for co-ordination of land use planning activities for the various government departments and agencies as they relate to provincial policies, initiating and recommending land use policies in areas of provincial concern, developing provincial land use policies which act as guidelines to municipal planning authorities. The committee will be required to initiate and make recommendations to the Executive Council respecting the development of provincial land use policies, co-ordinating federal, provincial and local government land use policies, enquire into and study any matter pertaining to land use and if considered advisable make recommendations to the Executive Council, recommend to the Executive Council the establishment of a special planning area, and the approval of development plan for the special planning area, recommend to the Executive Council or initiate the establishment of a planning district, recommend to the Executive Council the approval or rejection of district and municipal development plans, perform any other duties as may be assigned to them by the Lieutenant-Governor-in-Council. So principally concerned with the development plan, the development of land use policies, the development of special development areas, for instance historic park area is one that comes readily to mind, possibly there, along the Red River, that sort of activity.

MR. GRAHAM: I realize that the Minister with his statement has effectively got us talking about his new program here but I think it also involves other matters too and I would like to raise a matter that is of some concern in my area and that is the planning that goes on under the Local Government Districts. I notice we have no item in here dealing with LGDs, but at the same time . . .

MR. CHAIRMAN: Order please. For the information of the honourable member, that was passed in the previous resolution.

MR. PAWLEY: I should just mention by way of clarification. Last year LGDs - the section dealing with LGDs in last year's Estimates was merged under the section of Municipal Services so that LGDs were served within the same branch as were municipalities.

MR. GRAHAM: Mr. Chairman, I would like to deal with the planning advice that is given to the LGDs and I want to know to what extent do other departments of government offer planning advice to the LGDs in their municipal operations. I refer in particular to the LGD of Park where they have wanted to proceed with certain projects but they are constantly told by the Department of the Minister of Highways that they refuse to participate in those programs and because the Highways Department refuses to participate the LGD is in effect pretty well stymied and has to accept planning programs that are almost dictated by the Department of Highways.

MR. CHAIRMAN: Order please. I mentioned to the honourable member we did pass the section on Local Government Districts, 95. If the honourable member wishes to debate LGDs I would suggest he do so under the Minister's Salary.

MR. GRAHAM: Very well, Mr. Chairman, I'll wait.

MR. PAWLEY: I wonder if the honourable member is referring to a proposed plan of subdivision.

MR. GRAHAM: No, I'm referring to the road programs and their plans to improve their LGD and the constant refusal of the Highways Department to - I shouldn't say a complete refusal - but they almost dictate what the LGD can do and what they can't.

MR. CHAIRMAN: Resolution 96(a)--pass; 96(b) Other Expenditures--pass; (c) and (d) are nil resolutions. 96(c)--pass; 96(d)--pass; Resolution 96: Resolved that there be granted to Her Majesty a sum not exceeding \$1,296,000 for Municipal Affairs--pass.

I would refer honourable members now back to Resolution 91(a) - the Minister's Salary. The Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Chairman, now we can start all over again eh? I raise the issue of the LGDs because, while we have changed the LGD law considerably or the legislation, at the same time the Local Government Districts are to a large extent dependent on decisions that are made outside of their offices.

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(MR. GRAHAM cont'd)

I know in the Local Government District of Park for instance that the council has approved on repeated occasions the construction of a road to a cemetery south of Horod only to have the Department of Highways knock it on the head repeatedly. Mr. Chairman, the residents of that area are seriously considering whether or not the cemetery should be opened up and the Department of Highways buried in it. I would hope that the department would show more co-operation and sit down and consider seriously repeated requests. If a resolution of council is turned down one year and is turned down two years, if it comes up a third year or the fourth and the fifth year, I think the Highways Department should take a very serious look. When they're in a cost-sharing program we realize that the councillors on the Local Government District haven't yet got complete control of their own district. I say to the Minister that it's very frustrating for those that are attempting to serve honestly and represent conscientiously, the people that are elected, only to find that their programs and their proposals are constantly being knocked on the head by some other branch other than the Department of Municipal Affairs.

MR. PAWLEY: Mr. Chairman, I don't know whether the Minister of Highways wants to deal with that but I would like to say this. I'm certainly not aware of the circumstances of the Horod cemetery case. But I want to say this, the honourable member used the words "not having control of their own destiny and having to depend upon a department of government". I agree with him that there is a problem, Local Government District. As long as you are in a Local Government District then you do not have complete control. You have to depend on the Department of Highways for instance to maintain; you have to depend upon many other different areas that, if you are an incorporated municipality, it is within your own domain. So that I think that insofar as the LGDs are concerned that they have to recognize the fact that if in fact they are to free themselves and determine what their own priorities are to be and to determine those priorities without depending upon external government departments, that the best route for them would be to incorporate into a fully incorporated municipality.

I want to say on that point, Mr. Chairman, there have been increased interests on the part of some LGDs to move in that direction. For instance, we expect within one month to six weeks that the LGD of Snow Lake will be incorporated. We anticipate incorporating the LGD of Leaf Rapids within the next two to three months and I am anticipating that there will be a number of others. For instance I think Gillam should proceed towards local government status as well.

MR. GRAHAM: Mr. Chairman, I think it's a pretty sad commentary on the administration of this province if the determining factor in self-government is the insensitivity of government to the needs of the people of the area. If that is the sole determining factor then I think it is a severe condemnation of the present administration.

MR. CHAIRMAN: Resolution 91(a)--pass. Resolution 91: Resolved that there be granted to Her Majesty a sum not exceeding \$443,000 for Municipal Affairs--pass.

That concludes the consideration of the Department of Municipal Affairs. Committee rise.

Mr. Speaker, your Committee of Supply has considered certain resolutions, requests me to report progress and begs leave to sit again.

IN SESSION

MR. SPEAKER: The Honourable Member for Radisson.

MR. HARRY SHAFRANSKY(Radisson): Mr. Speaker, I move, seconded by the Honourable Member for St. Matthews, that the Report of the Committee be received.

MOTION presented and carried.

MR. SPEAKER: The hour of adjournment having arrived, the House is adjourned and will stand adjourned until 2:30 tomorrow afternoon. (Wednesday)